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Herald INTERNATIONAL Tribune

Subscription rates: U.S. \$2.00/week, U.K. £1.00/week, etc.

No. 34,399 40/93 LONDON, MONDAY, OCTOBER 4, 1993 ESTABLISHED 1887

Battles Rage in Moscow as Hard-Liners Overpower Police and Go for Key Sites



Riot policemen, part of a security cordon around parliament, doing what they could to fend off a crowd Sunday. Under pressure from thousands of people, the cordon was breached.

Yeltsin Calls Emergency; Military Rolls Into Capital

By Margaret Shapiro and Fred Hiatt. MOSCOW — Moscow erupted into chaos and violence on Sunday as armed opponents of President Boris N. Yeltsin overwhelmed the police and took over key positions in the capital. Early Monday morning, military units apparently loyal to Mr. Yeltsin rolled toward the city center in response, and intense fighting was reported. The clashes, which left many dead and wounded, were far more violent and widespread than anything that occurred during the abortive August 1991 coup by communist hard-liners. They put the future of Mr. Yeltsin's government in doubt, as top aides appealed on television for citizens to come out in his defense. The Russian Army's chief district commanders decided Sunday to back Mr. Yeltsin against the hard-line rebellion at a meeting of the Defense Ministry's senior military body, the Interfax press agency said. The defense minister, General Pavel S. Grachev, was preparing an appeal to servicemen for their backing in putting down the rebellion. "Today, the fate of Russia and the fate of our children is being decided," Mr. Yeltsin said in a statement read by an announcer on television. "The forces of civil war will not succeed." Many other cities appeared calm on Sunday night. But Moscow, which has been in crisis for 13 days because of a standoff between Mr. Yeltsin and the conservative parliament, was suddenly convulsed by nightmarish scenes of civil disorder, with explosions, gun battles and jeering anti-government demonstrators surrounding "enemy" buildings and taunting: "Rats, come out! Rats, come out!" Men in Cossack hats came out through the city in stolen police trucks, while young boys gleefully carried police shields and pieces of concertina wire away from the scenes of battle. Dozens of armored personnel carriers and tanks were reported moving toward the center of Moscow from four directions, some from the Tula and Ryazan paratrooper divisions and the 7th Brigade inside Moscow. The police put up little resistance on Sunday afternoon as 5,000 to 10,000 hard-line communists and nationalist militants, supporters of the conservative parliament that Mr. Yeltsin ordered dissolved Sept. 21, marched through the city and swarmed into the parliament building and the Moscow mayor's command center next door, commandeering hundreds of weapons and vehicles abandoned by fleeing policemen. The demonstrators, at the urging of Mr. Yeltsin's chief rival, Vice President Alexander V. Rutskoi, then moved on to occupy the first floor of the Interfax press agency and attack the main television transmitting center, where a fierce shootout was continuing. Both national networks went off the air at about 7:15 P.M. as a newscaster near tears was

Clinton Vows Support for Russian Chief

By Paul F. Horvitz. WASHINGTON — President Bill Clinton blamed hard-liners in the Russian parliament on Sunday for the violence in Moscow and stood firmly behind President Boris N. Yeltsin, who he said had "bent over backwards" to avoid using force. Speaking before nightfall in Moscow and before Russian television went off the air temporarily, Mr. Clinton said he did not expect Mr. Yeltsin to be deposed and cautioned against any overreaction to events in the Russian capital. His top Pentagon aide called the situation "very disturbing." And a key official of the North Atlantic Treaty Organization said he hoped Mr. Yeltsin would move swiftly to contain the problem. British, French and German officials also expressed support for Mr. Yeltsin. In London, Prime Minister John Major issued a statement saying that Mr. Yeltsin deserved the backing "of all democrats inside and outside Russia." France issued a condemnation of the violence, backing Mr. Yeltsin and his "will to hold free elections." And in Bonn, Foreign Minister Klaus Kinkel urged both sides to resume negotiations, adding that "the reform process must not be endangered." The United States seemed prepared Sunday to accept the inevitability of a forceful Kremlin response to the holdouts in the parliament, judging from the comments of Mr. Clinton and his aides. It appeared that Mr. Clinton was hoping Mr. Yeltsin could move with the minimum force necessary. American officials characterized Mr. Yeltsin as having shown proper restraint so far and his opponents, specifically the parliamentary leaders Alexander V. Rutskoi and Ruslan I. Khasbulatov, as having invited trouble. "It is clear," Mr. Clinton said, "that the violence was perpetrated by the Rutskoi-Khasbulatov forces." He said President Yeltsin had "bent over backwards to avoid the use of force, to avoid excessive force from the beginning of this." "I still am convinced," he added, "that the United States must support Yeltsin." See CLINTON, Page 5.

China's Economy: Out of Control or Only a Mess?

By Patrick E. Tyler. BEIJING — Just a few weeks after China's economic czar, Zhu Rongji, launched his 16-point austerity program this summer, Asian and Western financiers were congratulating him on his early success in reining in China's economy. He had reimposed some degree of central authority over China's bounding expansion by canceling scores of schemes to pave over rice paddies for casinos and office towers and by calling in loans that were feeding a speculative frenzy in everything from condos to jeliners. But more recently, Mr. Zhu, 65, has admitted that the financial state of the nation is still "relatively grim" and that his progress has not been as great as he had hoped. The CIA, in a report to Congress that appears to be disputed by some government economists, is warning that growth and inflation in China are "threatening to spiral out of control," raising fears that social disorder could follow. If there is any consensus about China's economy today, it is that it is a mess — perhaps an enviable mess to countries that would like to see as many investors pouring into their airports as are pouring into China's, but an unpredictable mess nonetheless. Partly as a result of the new austerity measures, combined with the effects of unbraked inflation, some of China's state-owned factories are having trouble meeting their payrolls, and others have been forced to cut production drastically. A General Motors Corp. joint venture to build light trucks in northeastern China saw its output wither by half in the first two months of the austerity program as bank credits dried up. Meanwhile, prices are still soaring. The cost of industrial raw materials is 40 percent higher than last year, as is the price of steel. Inflation in big cities is at a four-year high of more than 20 percent, and China's money supply, which no central authority seems able to control, has been expanding at a rate of 30 percent a year since early 1992. Still, with the steps that have been taken so far to stop wasteful investments, real estate speculation and an explosion of credit, government economists such as Fan Gang at the Chinese Academy of Social Sciences assert that "the bubble" of speculation "has been stopped." But he acknowledged that "inflation is still not under control." An economist with the World Bank in Beijing said that he might have agreed with the CIA analysis three months ago, and he added, "we were very concerned that if measures were not taken," the Chinese economy would have overheated so much that the bottlenecks in its transportation, energy and raw materials sec-

tors would have brought on a catastrophic gridlock and crash. But now, he said, "I would not say the Chinese economy is running out of control." He said that "the tremendous growth in investment has slowed down," although it was still "too early to tell whether that will be sufficient." Since early summer, when China's leaders became so alarmed that they removed the central bank chief and replaced him with Mr. Zhu, there has been an expectation that the acerbic former mayor of Shanghai could somehow get the genie of money-supply expansion and rampant speculation back in the bottle and China back on course for more sustainable growth. He sent investigators to the provinces to gather information and to bully local officials who were circumventing Beijing's commands. He found some provinces building so many bridges, highways, ports and skyscrapers on See CHINA, Page 13.

Americans Lose 2 Helicopters in Somali Clash

By Keith Richburg. NAIROBI — The Pentagon said Sunday night that two American helicopters had been shot down in heavy fighting over the embattled Somali capital, Mogadishu, during what military officials described as an "operation" against the militia forces of the fugitive warlord, General Mohammed Farrah Aidid. Few details were available, and the Pentagon sources gave no immediate figures for American deaths. Lieutenant Colonel Mike Stopp, a Pentagon spokesman, was quoted by one news agency in Washington confirming that two helicopters had been shot down. The loss of two U.S. helicopters in a single encounter would mark the most serious military setback so far in the four-month guerrilla war between U.S.-led United Nations peacekeepers and General Aidid's ragtag militia army that has been able to harass and humiliate the thousands of foreign troops in the capital through well-timed hit-and-run ambushes and sniper attacks. Sunday night's military operation was launched after a hidden landmine earlier destroyed an American Humvee vehicle near the capital's port, injuring three U.S. servicemen who were traveling it and killing a Somali employee of the United Nations. U.S. Army Major David Stockwell, the chief UN military spokesman in Somalia, was quoted as telling news agencies that the mine attack appeared specifically directed against an American target. The downing of the two helicopters — coinciding one week after another U.S. Army Blackhawk helicopter was shot down and the burned body parts of the dead American crew members put on display by Somalis — seemed certain to See SOMALIA, Page 4.

Kiosk



The Braves' David Justice, left, celebrating a homer in Sunday's victory.

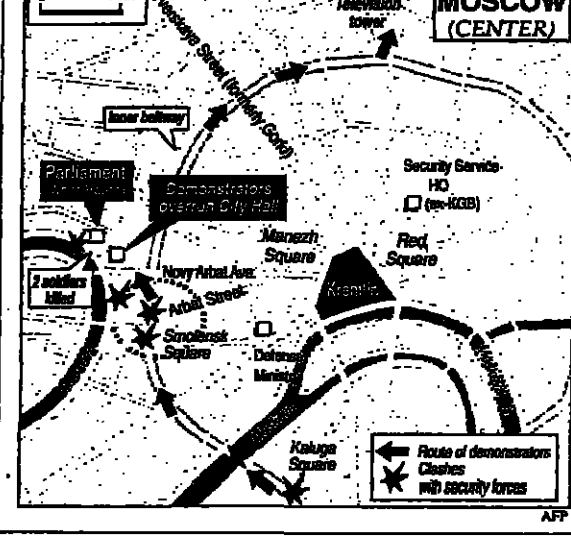
The Braves Triumph, Then Await Giants

The Atlanta Braves beat Colorado on Sunday, 5-3, but, tied with San Francisco as the day began, had to watch the Giants play the Dodgers later to determine whether a one-game playoff was needed to decide the National League West baseball title. (Page 15) General News An upcoming papal encyclical will focus on a moral crisis. Page 2. How Hillary Clinton dizzied Republicans in laying out the health plan. Page 3. Business/Finance QVC seems to have financing for its Paramount bid. Page 11. Bridge Books Page 4.

U.S. Sees A-Arms Danger

By R. Jeffrey Smith. WASHINGTON — President Bill Clinton's emphasis on halting arms proliferation stems from growing worries in United States intelligence circles that the spread of nuclear, chemical and biological weapons is more likely now than during the Cold War. Although the end of the East-West confrontation means the threat of a cataclysmic nuclear war has begun to recede, it has at the same time incited new aspirations for military might among nations no longer held in check by a superpower, American officials say. According to U.S. intelligence reports, some of these countries are now seeking new and horrific means to even scores, and giving vent to long-suppressed ethnic grievances, officials said. The attraction that nuclear, biological and chemical weapons hold is typically their low cost relative to conventional armaments like tanks or jet fighters and the special fear they engender. American officials say many of the estimated See NUCLEAR, Page 4.

Crisis in Moscow



Western financial markets were shaken by the Moscow confrontation, but bankers claimed they had foreseen the danger. "The risk there was already very high, so we did not need to change our assessment of it," said one economist. A chronology of Russia's political standoff: in 13 days, from Yeltsin's dissolution of parliament to fierce street fighting. Yeltsin's forces had ample warning that a mob planned to march on parliament. But the police lines were buckled by a crowd that swelled to perhaps 7,000. Page 5

3 Years Later, German Post-Unity Hangover Worsens

By Rick Atkinson. BERLIN — On the third anniversary of national reunification on Sunday, Germany was in no mood to celebrate. After the jubilation of Oct. 3, 1990, when the country was again made whole after nearly a half-century of division, Germans east and west are in a deep funk. Six million workers are unemployed, crime is soaring, the federal budget deficit is at a record high and politics has become an endless succession of petty squabbles. The Bundestag, or parliament, and the governing coalition cannot agree on a moving date for transferring the capital from Bonn to Berlin. Relations between labor and management, long touted as a model of stable cooperation, have degenerated into bitter hostility. Still tormented by the demons of the past, the country is uncertain how or where to find its role in post-Cold War Europe. Perhaps the crowning blow was Berlin's dismal fourth-place finish in ballooning to choose a host for the Olympic Games in 2000. The mass circulation newspaper Bild ran a huge front-page headline asking, "Why Are We Germans So Unpopular?" The paper answered itself by asserting that Germans are both politically unreliable "squabblers" who have "become too arrogant" and "crybabies" who have "failed to stop neo-Nazi violence."

Some of this criticism reflects a native pessimism, an instinct to see only dark clouds where Americans would seek silver linings. Germans are also worn down by what Christoph Bertram, diplomatic correspondent of the weekly Die Zeit, calls "the enormous, exhausting experiment of German unification." They fear rising unemployment and declining living standards. Moreover, a Harvard history professor, Charles S. Maier, has noted that "for 40 years democracy was easy" because Bonn did what Washington told it to do. Now it is not so easy. There are, in fact, silver linings. Growth in Eastern Germany Eastern Germany may have lessons to offer. Q&A, Page 2. this year is expected to reach about 6 percent. A survey made public last week by the Center for the Study of Public Policy found that 60 percent of East Germans polled have a positive view of the federal political system imposed on them three years ago, twice as many as still retain positive feelings toward the old Communist system. More than 5 in 10 say they would never vote for a racist. If the "blooming landscape" promised by Chancellor Helmut Kohl has failed to flourish, nevertheless 86 percent report that their incomes are sufficient to support their families.

Another poll, by the Wickert Institute, said that of nearly 15,000 people surveyed throughout Europe, 87 percent liked Germans in general, while only 13 percent found them disagreeable. In Belgium, 99 percent spoke well of their German neighbors. Yet even the most determined optimist must acknowledge that Germany's problems are far deeper and more perplexing than anyone anticipated three years ago. The latest test of the social fabric occurred last Tuesday when the association of engineering employers — which includes the auto, steel and electronics industries — abruptly announced that it will cancel pay and benefits contracts at the end of the year in an apparent effort to wring concessions from workers. An industry spokesman described the move as "a cry for help in a crisis" and noted that productivity fell 14 percent in the first six months of this year while wage costs increased 11 percent. A union leader for IG Metall, which represents more than 3 million workers, denounced the employers' gambit as "a declaration of war." The labor strife is symptomatic of a general fraying of the orderly life to which Germans, east and west, were accustomed. Although hardly careening toward anarchy, the country seems beset with problems that either defy ready solutions or See GERMANY, Page 4.

STATESIDE / AN ADMIRAL'S FATE

★ POLITICAL NOTES ★

Report on Cult Fire Spares Reno, FBI Brass

WASHINGTON — A Justice Department report on the fire that consumed a cult compound near Waco, Texas, and killed most of the group's members criticizes mid- and lower-level federal agents who recommended that negotiations be abandoned in favor of a tear-gas assault, according to law enforcement and administration officials who have read the report.

But the report is said to clear senior officials from the FBI and Attorney General Janet Reno of making any significant mistakes, even though Ms. Reno, acting on the advice of the senior FBI officials, ordered the assault on April 19 in which armored vehicles punched holes in the compound and filled it with tear gas.

The Justice Department report is the administration's second assessment of the government's handling of the Branch Davidians cult. Last week, the Treasury Department issued a scathing critique of the Bureau of Alcohol, Tobacco and Firearms, the Treasury agency that set all the other events in motion when it raided the compound on Feb. 28.

Stephen E. Higgins, the head of the firearms agency, was replaced as the agency's chief, and five other officials were suspended for making crucial mistakes in the initial raid, then trying to cover them up and issuing misleading and self-serving statements about what had occurred.

The tear-gas assault seven weeks later ended in a fast-moving fire that burnt the compound to the ground and killed 85 people, including at least 17 children. The government has said the fire was set by cult members.

In contrast to the firearms agency review, which criticized Washington officials as negligent by leaving the initial raid to inexperienced field agents, the Justice Department investigation of itself will say that to the extent there were problems, they were beyond the reach of senior officials in Washington. (NYT)

In Iran-Contra Affair, Tussle Over Final Report

WASHINGTON — Lawyers representing some individuals criticized in the final report of the Iran-contra prosecutor, Lawrence E. Walsh, are trying to determine what they can do to prevent publication of at least part of the report, according to informed sources.

Although the document is still secret, it is said to be highly critical of former Presidents Ronald Reagan and George Bush and many officials in the Reagan administration, including former Attorney General Edwin Meese 3d and former Secretary of Defense Caspar W. Weinberger, the sources said.

Complicating the situation is the secrecy surrounding not only the 700-page report but also the gag order that has been placed over those directly involved in the matter by the special panel of the U.S. Court of Appeals controlling Mr. Walsh's office.

Some lawyers with clients in the nearly 7-year-old investigation see the behind-the-scenes maneuvering as the final attempt to humiliate Mr. Walsh, 81, who they claim has misused his office to harass Reagan administration officials.

"He has written down allegations he can't prove," said one source familiar with the report, "and put the worst patina on everything."

"Walsh is using this to have the last word on Iran-contra," said another source of the report. (WFP)

North of the Border, the Liberal Party Leads

TORONTO — The Liberal Party has taken a 12-point lead over the governing Progressive Conservative Party three weeks ahead of Canada's general elections, according to a new public opinion survey.

The Liberals, led by Jean Chrétien, garnered the support of 38 percent of those polled, while Prime Minister Kim Campbell's Conservatives trailed with 26 percent, according to a poll in the Financial Post, a Toronto newspaper. The poll of 2,638 people found 14 percent of voters backed the ultraconservative Reform Party, 12 percent the separatist Bloc Québécois and 8 percent the social democratic New Democratic Party.

In Quebec, the Bloc Québécois drew 51 percent of voters' support, according to the poll. That could make it the leading opposition party in the House of Commons in Ottawa after the Oct. 25 general election. Quebec will send a total 75 representatives to the House of Commons — the largest contingent after Ontario's 99. (AFP)

Quote / Unquote

Dee Dee Myers, the White House spokeswoman, on President Clinton's sudden improvement in public opinion polls, up to a 53 percent approval rating: "After the May and June that we had, to have a September like we had is a nice change of pace." (Reuters)

Plutonium Policy: Shift Pleases Japan

By David E. Sanger
New York Times Service

TOKYO — After fearing for months that its multibillion-dollar civilian plutonium project could be scuttled, the Japanese government is expressing relief that the Clinton administration's new policy on preventing the spread of nuclear weapons contains an exception that will allow Japan and Western Europe to keep producing near-weapons grade material for a new generation of nuclear power plants.

The administration's declaration, which had been the focus of intense Japanese interest and lobbying, was contained in a policy statement issued after President Bill Clinton's speech at the United Nations last week.

Although calling for an end of plutonium production for weapons, it stipulates that while "the United States does not encourage the civil use of plutonium," it will "maintain its existing commitments" permitting Japan and several European nations to turn nuclear waste into plutonium fuel.

That decision sidestepped what could have been a significant confrontation between Washington and Tokyo over energy and non-proliferation policy.

Last year, amid protests from many of its neighbors, the Japanese government began importing plutonium by ship from Europe, the first step in an elaborate plan to use the substance — the main fuel for nuclear reactors — as fuel for nuclear reactors. Thirty more such shipments are planned over the next two decades, though none are currently scheduled.

The initial shipments from France were intended to fuel a \$5 billion prototype breeder reactor that both consumes and produces plutonium. By the end of the decade Japan plans to open a large reprocessing facility of its own that would convert nuclear waste into more plutonium.

In a statement last week, the Japanese government hailed the Clinton policy, saying it had "reaffirmed" U.S. commitments to permit the conversion of ordinary fuel into plutonium.

Because the United States sold Japan the original nuclear fuel, it retains control over how it is used.

Away From Politics

- The U.S. crime rate dropped slightly in 1992, marking the first drop in eight years, but most violent crimes, particularly rape and aggravated assault, continued to climb, the FBI said Sunday.
- A man with links to white supremacists has been convicted of making illegal weapons and selling them to so-called hate groups. Christian Nadal, 35, and his wife Doris, 41, who was also convicted of conspiracy, were among nine people arrested in a Los Angeles sweep that also uncovered a plot to assassinate prominent blacks and blow up churches and synagogues.
- Richard C. Levin has been inaugurated as Yale's 22d president. Mr. Levin, 46, a former dean of the Graduate School of Arts and Sciences, capped the ceremony with a lyrical effort to heal the wounds from the faculty revolt last year that led to the resignation of his predecessor, Benno C. Schmidt Jr.
- Dozens of large corporations have begun to grant health benefits to the partners of their homosexual employees in a movement that personnel executives expect eventually to reach most U.S. workplaces.
- The Mormon church has taken disciplinary action against six transgressors and feminists, in what dissidents call a purge. The Mormon scholars and feminists, in what dissidents call a purge, transgressions fit into two categories: academic research that raises questions about official church history, and the call for opening the priesthood to women.
- Highway accidents and murders were the leading causes of death for Americans in 1992, the Labor Department said in the federal government's first systematic tally of fatalities on the job. Of the 6,083 work-related fatalities last year, 1,121 came in highway accidents, and 1,004 were homicides. (LAT, NYT, WP)



Admiral Frank B. Kelso leaving the Pentagon after a meeting with Defense Secretary Les Aspin.

Navy's Top Officer on Ropes Aspin Weighs Punishment in Tailhook Affair

By Eric Schmitt
New York Times Service

WASHINGTON — A call to remove the United States Navy's top officer for failing to prevent a sexual harassment scandal two years ago has stirred turmoil among senior Pentagon and White House officials, who are seeking a way of punishing offenders without disgracing a distinguished naval officer.

The fate of the officer, Admiral Frank B. Kelso, remains undecided, even after he met with Defense Secretary Les Aspin for about 20 minutes on Saturday.

Navy Secretary John H. Dalton has asked that Admiral Kelso be dismissed and that 12 other admirals and Marine generals be disciplined.

Mr. Aspin said in a broadcast interview on Sunday that he was studying the navy secretary's report and would have a final decision Monday or Tuesday.

"It's an important issue that requires me to look at it very very closely," Mr. Aspin said. The facts in the report are well presented, he said, indicating that the only question is whether to accept the recommendation of Mr. Dalton.

Mr. Aspin must choose between his new civilian navy secretary and a 37-year naval veteran who among all service chiefs has been most prominent in urging expanded opportunities for women in the military. Indeed, it was Admiral Kelso's efforts that contributed to Mr. Aspin's decision this year to open fighter aircraft and most combat vessels to women.

A Pentagon spokeswoman, Kathleen deLaski, acknowledged that the reports of Mr. Dalton's recommendation "doesn't leave us much room to maneuver."

The defense secretary also met with President Bill Clinton for about 15 minutes to update him on the process being followed in the investigation into the assaults at the 1991 Tailhook convention, according to the White House press secretary, Dee Dee Myers. Scores of women were assaulted at the 1991 convention of naval aviators in Las Vegas.

"The president wanted to ensure that the process is fair both to the navy officers, including Admiral Kelso, and to the women involved," she said.

Ms. Myers added that Mr. Clinton had "not intervened in the process" and was satisfied that proper procedures were being followed.

Since he entered office, Mr. Clinton has sought to mend fences with an armed forces that distrusts his views on homosexuals in the military and his own draft record during the Vietnam War era.

No one has connected the 60-year-old admiral to any of the assaults on 83 women and 7 men at the convention, but he gave a speech and sipped cocktails with fellow officers on a patio just outside the hallway where the mayhem broke out. In fact, he took steps to ensure that such incidents would not be repeated.

But Admiral Kelso's undoing may stem not from what he did or knew about the debacle, but from who he is. As the navy's top admiral, he is trapped by the tradition that holds commanders responsible for their sailors' actions.

U.S. Finds Bank Files In Inquiry On Brown

By Adam Clymer
New York Times Service

WASHINGTON — Hillary Rodham Clinton has dazzled five congressional committees, advocating health care legislation in the most impressive testimony on a complex program that anyone could remember, and raising hopes that an issue that has stymied Congress for 50 years was now near solution.

Again and again she heard, as Dan Rostenkowski, Democrat of Illinois, put it, that "the president has succeeded in changing the debate from whether we should have reform to what type of reform we should have."

That may be the question, but it is still a tough one, even if it hardly seemed that way in the absence of serious criticism from Republicans. They seemed either awed by the first lady, afraid of being seen as obstructionist or convinced that the Clintons had a proposal they could work on and improve.

The obstacles include the congressional maze the bill must travel; the difficulty of such issues as cutting Medicare and requiring employers to buy health insurance; the bitter partisanship of the House, and the conflicting pulls from groups such as the American Medical Association, which wants fewer controls, and women's health advocates, who want greater benefits. And perhaps most of all, the euphoria of the moment may not hold out.

After all, recalled Norman Ornstein, a congressional scholar at the American Enterprise Institute, it was just over six months ago that President Bill Clinton had focused the nation's attention with a compelling speech. He drew support as "a president who had picked an issue that mattered and was doing something about it."

That issue was the deficit, and the president's momentum flagged quickly. Maintaining support on health care for a year or so could be much harder.

There clearly is support now. Richard A. Gephardt of Missouri, the House Democratic leader, said Friday, "The launch of this couldn't have been better." Polls show the plan has broad support.

Mrs. Clinton had two basic messages for Congress last week. The first was substantive: that the nation had to provide the security of

How Hillary Clinton Disarmed the Republicans

guaranteed health care. She told the Senate Labor and Human Resources Committee: "Those of us who are well insured, those of us who do not have to worry about getting the best care that can be offered anywhere in the world, I hope, will always keep in mind the mothers and the fathers and the sisters and the brothers and the children of this country who do not share that sense of security."

The other was tactical. "The need for health care is not a partisan issue," she told the Senate Finance Committee. "We want to work with you," she told one Republican after another.

Even so, the single most puzzling question was, where are the Republicans going?

At one end was Newt Gingrich of Georgia, the No. 2 House Republican, who insisted that it was just good manners that kept the Republicans from attacking the first lady.

"If Ira Magaziner had tried to defend that same plan, he would have been destroyed," Mr. Gingrich said, referring to the president's chief health care adviser.

At the other end are those who agree with James M. Jeffords of Vermont, who endorsed the bill, or John C. Danforth of Missouri, who predicted, "We will pass a law next year."

Mr. Danforth expects compromise on serious disagreements: "The answers that the gives and the answers that Ira Magaziner gives indicate that they want to work things out."

Other Republicans are less convinced. Some fear that Mrs. Clinton, for all her civility toward Congress, is inclined to demonize insurance companies and others, making compromise more difficult.

Others think the financing is too shaky or find some other central point of the plan too tough. Robert H. Michel of Illinois, the House Republican leader, is a good example. "Maybe I'm an eternal optimist," he said. "It may end up as something we can vote for, if it stays away from mandates, and that's going to be hard to do."

But the overall Republican posture has distressed some Republicans outside Congress.

William J. Bennett, President George Bush's drug policy director, said Friday: "In the midst of the largest power grab by the government in recent history, most Republicans are either nowhere to be seen, fawning approvingly or asking questions about the fine print. Here is a monumental assault on the private sector, on individual liberty, and those sworn to its defense are largely silent."

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Rogue Wave Hits QE2, Injuring 50 Passengers

Reuters

LONDON — Fifty people suffered minor injuries when a 30-foot wave struck the Queen Elizabeth 2 luxury liner off the coast of Cornwall in southwestern England, a company spokesman said.

The freak wave hit the ship, which was carrying 1,500 passengers and 1,000 crew, on Friday as she headed toward the English coast after a five-day cruise from New York. "Just as she was approaching Land's End, she suffered a fairly heavy roll and some people who were not ready fell over," a spokesman for Cunard, the liner's operator, said.

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Herald Tribune

AMERICAN TOPICS

Gum Machine Cash Goes to Middleman

They are in stores and restaurants everywhere: a gum-ball dispenser, a box of mints, a counter-top wishing well. On each, the insignia of a charity beckons: drop in a coin and you will help the needy.

Small in size, these fund-raising techniques can be big money makers. The National Federation of the Blind, a typical example, raises more than \$100,000 a year this way.

In fact, many charities have little to do with the vending devices that bear their insignia and no direct stake in the coins that are collected. The Washington Post reports. They are simply renting their names to others for a fee — perhaps \$1 per month per device. Typically, each device will take in several times that amount, from which supplies and expenses must be deducted.

Not all charity vending is done through licensing arrangements with individual vendors. Some charities manage their own devices.

But in one such arrangement, the March of Dimes Birth Defects Foundation received \$1.4 million last year from 125,000 machines owned and managed by Curtis Products Co. of Alpharetta, Georgia. 10 percent of the money that came in. Gross income works out to \$9.33 per machine per month.

Short Takes

Class-action suits save time and lawyers' fees but may not be all they are cracked up to be. The New York Times reports. Individuals often collect very little. The thousands of women who claimed they were injured by the Dalkon Shield intrauterine device, for example, averaged only \$1,500 to \$2,000 each. Pressures to stick to class-action suits are enormous. Companies and courts both want to avoid thousands of individual lawsuits, and once a settlement is agreed on, the system discourages individuals from suing on their own. But Sal Liccardo, a lawyer in San Jose, California, who represents 250 women claiming breast-implant injuries, does not agree that individual cases would clog the courts. Typically, he says, after a few go to trial, companies start to settle out of court, allowing each case to be decided on its own merits.

In a New York Times article, Harlan R. Ribnik suggests asking lawyers to assist the legally needy, much as doctors do

now," Dr. Ribnik, an anesthesiologist in Cheyenne, Wyoming, writes that nearly half his patients are covered by government Medicaid for poor people and Medicare for the elderly and disabled, or by no insurance at all — but he looks after them anyway. By comparison, "busy legal aid offices can barely handle criminal cases, so most poor civil litigants must fend for themselves." He proposes a taxpayer subsidized "Legalaid" for the needy and "Lexicare" for the elderly.

Financing his family's vacation flights with frequent-flyer credits, Dave Gamba piled up a whopping 2.5 million air miles without ever getting on a plane. The New York Times reports. Mr. Gamba, 50, a Denver sales manager, bought thousands of dollars worth of traveler's checks with credit cards each month, scoring one frequent-flyer mile for each dollar charged. He then deposited the checks and drew on his account to pay his credit-card bill. He amassed up to 90,000 miles (145,000 kilometers) a month. Only once, he says, has he booked a flight and then discovered that he had to pay for it: on Thai Airlines from Chiang Mai, Thailand, to Singapore. "It was awful," he says.

Spouses, especially men, are frequently guilty of unwittingly sabotaging their mates' diets. Howard M. Shapiro, a New York physician who specializes in weight loss programs, says that among more than 6,000 of his patients, 70 percent of the women had trouble getting their mates to cooperate in their dieting, as opposed to 5 percent of his male patients. "Generally," he said, "the woman will do anything to support the man's weight loss. She'll change her cooking habits, keep problem foods out of the house and be very careful about restaurant and vacation plans." But "most husbands are saboteurs," he said. "They persist in bringing meat, bread and desserts into the home and reward their wives' weight loss with trips to fancy restaurants."

A man in a wheelchair rolled into a bank in Springfield, Massachusetts, took \$2,500 from a teller and fled in a getaway car. The driver helped him fold the chair and get in. Anthony Garafalo, 33, was charged with unarmed robbery. Three years ago, he robbed two banks during a four-day crime spree that ended when a liquor store owner shot him, paralyzing him from the waist down. That time, he escaped a prison sentence; the judge said that "he's already been punished — in my judgment — more than this court could ever punish him."

Arthur Higbee

Hong Kong Asks: Can Patten Talk Himself Out of a Corner?

By Kevin Murphy International Herald Tribune

HONG KONG — On the anniversary of a speech that promised much and caused bad feelings with China over political reform in Hong Kong, the colony is looking to Governor Chris Patten this week to show a way out of the dispute in which Beijing has gained the upper hand.

Despite high hopes for an amicable end to the impasse, few politicians or analysts expect Mr. Patten's second annual speech on Wednesday or two sold-out public meetings afterwards to produce a conclusive answer.

"He's a good public speaker, he talks very prettily," said a Hong Kong legislator, Christine Loh, a strong supporter of Mr. Patten's proposals to broaden Hong Kong's electoral base in 1995 legislative elections, the last under British rule. "But in his speech to the Legislative Council I expect fitness, not substance."

Pincered by Beijing's fierce opposition

and writing public support for a go-it-alone stance, Mr. Patten has been public enthusiasm for his proposals with British and Chinese negotiators slogged through 12 rounds of talks that have elicited no concessions from Beijing.

"Mr. Patten is in a corner," said Archie Hart, head of research at Crosby Securities (HK) Ltd. "Either he rolls over, or he pushes ahead. China has effectively left him no middle road."

Last year, before his first speech, Mr. Patten wooed Hong Kong with a nice-guy, man-of-the-people publicity blitz.

With high marks in local opinion polls, he opened public coffers to increase social spending, pledged to clean up the environment, advocated more open government, and devised a plan for greater democracy that side-stepped earlier Chinese-British agreements on local elections.

This year, with China and much of the local business community allied against him and details of the negotiations with Beijing wrapped in secrecy, Mr. Patten is

fighting for credibility and to regain last year's momentum. Nonetheless, he is expected to delay any move this week that could scuttle negotiations.

While there is still time to negotiate with China, analysts expect Mr. Patten to, at most, detail why the negotiations have ground to a halt, a strategy designed to coax Beijing into genuine give-and-take talks.

A move without China's blessing to present the reform package in the Legislative Council, where it is likely to be voted down or weakened considerably through amendments, would contravene popular opinion.

Such a strategy would also require more daring than London traditionally musters in Hong Kong affairs. But Hong Kong newspapers reported Sunday that Mr. Patten would meet with Prime Minister John Major in London early next month to discuss this option.

"Britain is still trying with the idea of unilateral action on the reforms," said Nick Moakes, an analyst with S.G. War-

burg Securities, "but most people, including the Chinese, don't think they have the guts to do it. They should have done it before they ever started negotiations in April."

In the face of Western international support for the Patten proposals, Beijing repeatedly attacked them and threatened British business interests while stalling essential discussions on major infrastructure investments in Hong Kong.

But since its April decision to discuss the proposals with Britain, China has approved several projects spanning 1997 and moved to separate decisions regarding Hong Kong's economy from the political dispute. According to most opinion polls, most Hong Kong residents prefer negotiations, even if they last indefinitely, to confrontation with China.

Judging from leaks from the negotiations and Beijing's decision to republish a 1982 threat by its senior leader, Deng Xiaoping, to retake Hong Kong before 1997 if it

became unstable, China is in no mood to compromise on electoral reform.

"The Chinese side thinks the British keep playing tricks with them, but it doesn't want to see the economy harmed," said Carson Wee, a lawyer and one of nearly 100 prominent Hong Kong residents appointed special advisers to Beijing on Hong Kong affairs.

"Public sensitivity to the politics is evaporating," Mr. Wee said. "Most people in Hong Kong don't care one way or another as long as business goes ahead."

Amid strong speculation that Britain is offering a significant retreat from a package first proposed in Mr. Patten's first policy speech, a 13th round of Chinese-British talks is scheduled one week after the Wednesday speech.

"Mr. Patten is not going to say anything drastic on the political side," Mr. Moakes said. "He will keep it bland. Eventually he has to back down in such a way as to not be humiliated. He never meant to get so bogged down in this."

Quake Victims Get Help, but Not From New Delhi

By Edward A. Gargan New York Times Service

TAWASHIGAD, India — Krishna Bai Mani pressed her palms together as she talked, the red glass bangles on her wrist tinkling faintly. Behind her, a pile of rocks and thatch was all that remained of her home. But she and her family had survived a terrible earthquake.

"Yes," she said, smiling, "they gave me something. They gave me milk. They gave me bread, plain-tains, rice. They gave me as much as I wanted. They even gave me cooked chapatis, enough to fill my stomach."

But for Mrs. Mani, and the tens of thousands of people made homeless by the earthquake Thursday morning, it is not the government that has come to their aid, but dozens of private relief organizations from banks, newspapers and industries.

[Official estimates of the death toll ranged from 20,000 to 30,000 on Sunday, news agencies reported.]

In this village, and in the 40 or so others destroyed, hundreds of social workers and volunteers counseled victims and staffed field kitchens and medical clinics, not because the government had told them to but because they felt it was their responsibility.

"We got reports that this village had no relief work," said Dwarakanath Lele, a retired newspaper editor who, at 62, has joined the social relief organization of his former paper, Sakal. "We brought two vehicles with bread and curries. It took eight hours to reach here from Pune."

Mr. Lele squatted inside a tent filled with sacks of grain and containers of masala spices. "We even brought gas cylinders because we didn't know if we would find anything to cook with," he said.

This village, now no more than hillocks of stone and rubble pincered by vacant doorframes, lies far along a winding, muddy track that skews fields of blooming mustard flowers.

Up a rise near an undamaged temple, sheets of corrugated metal have been fashioned into lean-tos. Along the ghostly lanes of the village, 100 soldiers in camouflage

'Our founder said, why should we depend on the government? We should be doing it ourselves.'

Dwarakanath Lele, aid volunteer

fatigues helped villagers dig through rubble for household supplies to salvage.

"We have found all the bodies, we think," said an army major, who requested anonymity. "All together about 500 people died here. There were about 500 houses here. Now there are none. What we're doing now is helping people find their stuff, cooking utensils, beds. If they want to work we will help them."

And work is what the survivors of the earthquake are doing. Throughout this region of eastern Maharashtra, a rolling land of sugarcane, sunflower and mustard-flower fields, oxcarts filled with the remains of people's lives labor over the roads toward makeshift encampments. In freshly plowed fields, men propped up tree limbs to form the frames for lean-tos, and women resumed the daily chores of life.

On the nearby main road, army vehicles rumbled by transporting soldiers to other villages. Flatbed trucks lugged bulldozers to settlements to clear rubble. But nowhere was there any sign of government relief.

Here in Tawashigad, Mr. Lele said, no one expected the government to provide relief. "It is better not to speak about the government," he said. "We are doing it only. Our newspaper set up a relief fund in 1944 when there was a drought in Bengal. Our founder said, why should we depend on the government? We should be doing it ourselves. From then on, we have been doing this work."

Down the hill, in the village, a new group of volunteers arrived, sturdy young men from Tata Engineering and Locomotive Company, armed with sticks and shovels. They headed into the rubble, separating into small groups as survivors took them to what remained of their houses, to recover possessions.

"I have never seen something like this," Mr. Lele said. "Actually I wept. Such an atmosphere. Smoke was coming up from the funeral pyres. I had to thank God, it could have been me there."

At the village primary school, its courtyard taken up by Mr. Lele's relief team, the village leader, Chandra Harsha Grotala, stood before the male residents, his eyes wet with tears, his voice breaking.

"Nobody is going to take things not required by him," he said. "If someone comes with clothes, take one or two. That is sufficient. Let the brothers and sisters of us have a chance. We are all together here. Thank God he has spared us. There is no use fighting for a loaf or two of bread. If you have a loaf, give half to the one next to you. If someone needs help and there is no one around, you help them."



An Indian villager submitting to an inoculation as volunteers worked to protect earthquake survivors from the spread of disease.

Mandela Is Studying Afrikaner Land Plan

By Paul Taylor Washington Post Service

JOHANNESBURG — In his most conciliatory signal yet to South Africa's white right, Nelson Mandela disclosed Sunday that the African National Congress was reviewing a map for a new South Africa that includes a region where Afrikaans-speakers could enjoy limited autonomy.

"They've given us a map," the ANC president told the South African Press Association as he completed a 10-day visit to the United States. "We are studying that map now, and we are serious when we say we want to address the fears of all communities."

Mr. Mandela emphasized, however, that the ANC would never accept a political dispensation where race or ethnicity was the basis for citizenship.

That means he is unprepared to meet the demands of the most hard-line Afrikaners, who have threatened armed resistance to a black-led South Africa unless they can have their own ethnically-based state carved out from it.

Mr. Mandela's overture seems designed to split the ranks of the right wing between those willing to talk and those determined to fight.

As the likely president of a democratic South Africa, he appears ready to offer a region where Afrikaners would have assurances that their schools, language and culture would not be swamped, without resorting to apartheid-era laws.

Such a compromise, along with the maps to underpin it, will become the subject of intense discussion over the next six weeks, as South Africa's multiparty democracy negotiators scramble to finish writing an interim constitution to pave the way for the nation's first all-race election on April 27.

A power struggle now seems inevitable between the two dominant figures at the helm of the Volkfront — General Constand Viljoen, former head of the South African Defense Force, and Ferdinand Hartzenberg, leader of the Conservative Party.

The former says he wants to avoid war if at all possible; the latter rarely gives a speech without raising the specter of guerrilla warfare or various forms of nonracial terrorism, such as disabling the nation's electrical power system.

The Afrikaners are settlers of Dutch, German and French Huguenot descent who first arrived on the southern shore of Africa 342 years ago. They now comprise about 60 percent of South Africa's white population and eight percent of its overall population.

South Africa's multiparty negotiating forum is already drafting a constitution that envisions a federal system of government in which there would be anywhere from nine to 11 regions, each of which could make its own decisions about such matters as education and language.

The difficulty in accommodating the Afrikaners is that there are not enough of them to form a clear majority in any viable region. But the Volkfront has made public a gerrymandered regional map, presumably the one presented to Mr. Mandela — that emanates like spokes of a wheel from a hub of Pretoria, the current administrative capital of the nation.

It would have a bare majority population of Afrikaners, and would not include the vast gold and other mineral deposits around Johannesburg.

The problem is that natural population growth even in such a carefully crafted region would, in short order, probably yield a black majority.

GERMANY: Hangover Worsens

Continued from Page 1

reveal a lack of political will and leadership. Mr. Kohl, who is trying to cast himself as the agent of change despite more than a decade in office, has belatedly begun telling his countrymen that they face a long, hard road in restructuring the German economy, welfare system and society itself.

"The truth is, we have great transitional problems with the new states" of Eastern Germany, the chancellor said recently. "But we would have had other problems without German unification. We have lived beyond our means."

Rightists Rally in Passau About 2,000 members and supporters of a German far-right party met Saturday in Passau, Germany, after the police detained 43 rightists for bringing racist pamphlets, Nazi symbols and weapons to the event, Reuters reported, quoting police spokesmen.

Hooded leftist militants gathered to protest the annual meeting of the German People's Union in Passau, but no fighting was reported, the police said. The only disturbance came from hecklers from a rival rightist extremist party. On Friday night, about 1,000 people marched through Passau to protest the meeting. At least 28 people were killed in rightist violence in Germany since the country was reunified three years ago.

BRIDGE

By Alan Truscott

IN THE final of the Bermuda Bowl, for open teams, the Dutch and Norwegians, each playing for their first world team title, were evenly matched throughout. The Netherlands led by 12 imps after 96 deals of the 160-deal match. One would expect a player holding the East hand shown in the diagrammed deal to bid vigorously to five clubs or even six clubs. But a player scored a triumph against the United States with the East hand by doing nothing at all. When a weak two-diamond opening on her left was passed around to her she knew two things: A club contract would play badly with the diamonds massed in the South hand; and South was due to have a hard time in two diamonds.

Clubs were led, and South ruffed the third round low. West over-ruffed and cashed the spade ace, on which East threw her singleton heart. A spade was ruffed by East, and South ruffed the next high club lead with the diamond queen and led a small trump.

When East won the led another club, and South made matters worse by ruffing with the king. Since East had three winning trumps and South but two, East claimed the remaining tricks for down six.

The American East-West played in five clubs and failed by a trick, so Germany gained 12 imps, with 600 in one room and 50 in the other.

The perfect contract for East-West is three no-trump, hardly a likely choice. The Dutch team came close when North opened one spade in the third seat and an un-

usual two no-trump by East ended the bidding. They gained 6 imps when East led to six clubs and failed by two tricks.

Bridge score table with columns for NORTH, WEST, SOUTH (D), and EAST, showing scores and tricks.

North and South were vulnerable. The bidding: North West North East 2♣ Pass Pass Pass Pass West led the club seven.

NUCLEAR: Cold War Is Over, but U.S. Fears Spread of Nuclear Arms

Continued from Page 1

dozen or so nations with primitive chemical weapons capabilities now seem to be trying to improve or enlarge arsenals and also develop usable biological arms. Chemical weapons kill by poisoning, while biological arms spread potent and deadly viruses.

India and Pakistan, for example, have reportedly accelerated chemical weapons programs since the 1991 Gulf War demonstrated how readily Iraq's poison gas capability drew public attention. Other nations, with older stocks of poison gas, are reportedly trying to develop "binary" weapons, composed of two chemical canisters that become lethal only when mixed in battle; such arms are more easily stored and used.

The breakup of the Soviet Union has created such political disarray, American officials say, that it may be only a matter of time before some former Soviet nuclear weapons materials fall into dangerous hands. North Korea, Iran and Iraq have made substantial — but so far unsuccessful — efforts to obtain either former Soviet weapons scientists or the product of their labors.

American officials say the continuing appetite for weapons of mass destruction is worrisome, partly because many of the countries seem unlikely to respect the

rules that governed the U.S.-Soviet arms race. As barbaric as that arms race sometimes seemed, American officials say, the two sides feared and respected the power conferred by their arsenals and often worked hard to avoid directly provoking each other.

The contemporary U.S. security concern is that nations governed by extremist regimes, like North Korea, Libya or Iran, would not exercise the same self-restraint if they were to possess substantial weaponry to wage nuclear, chemical or germ warfare.

General Aaidid also seems to have benefited from being constantly underestimated. After the ambush attacks of June 5 that killed two dozen Pakistani peacekeepers and precipitated the current crisis, U.S. military officials calculated that by striking at General Aaidid's arms depots and smashing his headquarters compound, he would simply fade into oblivion; he didn't.

But U.S. and UN officials continued to underestimate him. They claimed repeatedly that he could only count on the support of about 200 guerrilla fighters, but after each new encounter, as they inflicted heavy Somali casualties, new pro-Aaidid guerrillas always seemed to emerge.

SOMALIA: 2 American Helicopters Are Shot Down

Continued from Page 1

deepen the growing public and congressional anxiety over the African peacekeeping operation. It is increasingly seen as a military quagmire with U.S. troops suffering increasing casualties.

Senator George J. Mitchell, Democrat of Maine, the majority leader, said on CNN that Sunday's events "will clearly increase the voices demanding an American withdrawal."

The violence in Mogadishu also seemed likely to hasten President Bill Clinton's recent attempts to extricate U.S. troops from Somalia, first by moving the 1,200-member "quick reaction force" out of the capital onto ships offshore, and by turning over to troops from other nations the routine patrolling of Mogadishu.

General Aaidid has defied months of American predictions that he

would be apprehended or forced to flee into obscurity, and he has demonstrated that he can face down the world's remaining superpower using classic guerrilla warfare tactics that have little impact on the military situation on the ground but can serve to erode American domestic opinion.

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A WOMAN'S VIEW: How Hollywood Spoke to Women, 1930-1960

By Jeanine Basinger. Illustrated. 528 pages. \$30. Alfred A. Knopf.

Reviewed by Michiko Kakutani

IN "Woman of the Year," Katharine Hepburn plays a famous political columnist whose devotion to her high-powered career infuriates her sportswriter husband, played by Spencer Tracy, at the end of the movie, she tries to please him by trying to cook breakfast.

In "Mildred Pierce," Joan Crawford plays an implacable woman who works her way up from poverty to affluence; she becomes the owner of a successful chain of restaurants, but along the way, she spoils her only daughter, and the girl grows up to become a murderer.

In "The Ghost and Mrs. Muir," Gene Tierney plays a widow who writes a popular book with a little help from a friendly ghost; she subsequently decides she wants a more conventional life and accepts a real suitor. She spends the rest of her life alone, living off the proceeds of her book.

One of the messages of these movies is that a woman can't have it all, that career and marriage (or family) belong to an either-or equation.

Indeed, as the film historian Jeanine Basinger's chatty new book, "A Woman's View," makes overwhelmingly clear, the women's films produced by Hollywood between 1930 and 1960 routinely upheld the status quo, repeatedly re-

minding women "that they have a biological function related to their role as women," that being a woman is itself "a full-time job."

But in trying to convince women "that marriage and motherhood were the right path," Basinger adds, these movies "had to show women making the mistake of doing something else": They had to show women stepping outside the rules, saving freedom and wielding power by having children out of wedlock, entering the corporate boardroom, dodging bullets, setting the frontier.

In doing so, Basinger suggests, these movies covertly offered audiences a taste of liberation. Even if they ended with the unhappy heroines dead, punished or back in the fold, such films glamorized the possibilities of life beyond the kitchen.

"Thus," Basinger writes, "what emerges on close examination of hundreds of movies is how strange and ambivalent they really are. Stereotypes are presented, then undermined, and then reinforced. Contradictions abound, which at first seem to be merely the result of carelessness, the products of commercial nonsense. But they are more than that: profound confusions. They exist as an integral and even necessary aspect of what drives the movies and gives them their appeal. These movies were a way of recognizing the problems of women, of addressing their desire to have things be other than the way they were otherwise."

This is the central premise of "A Woman's View," and it is reiterated again and again in the course of 500 pages. The reader keeps waiting for Basinger to amplify this idea, but she never really does.

She isn't particularly interested in assessing what the conventions of

BOOKS

women's roles mean in broader cultural terms, or in examining the aesthetic consequences of the sexual revolution of the 1960s. Instead, she is content to illustrate her fairly simplistic thesis with dozens and dozens of examples, drawn from both well-known and more obscure films.

On these limited terms, "A Woman's View" makes for entertaining reading. Basinger, the head of the film studies program at Wesleyan University, is enormously knowledgeable about her subject, and she demonstrates an ability to describe movies and movie characters with admirable verve and wit.

In the course of doing so, she provides the reader with a veritable anatomy of the women's film, dissecting the genre and cataloguing its components with all the enthusiasm of a first-year medical student.

Basinger declares that "the woman's film rule book of behavior" has four basic rules: "a woman must be a good sport," "a woman will need to be in order to survive," "a woman must not be evil" and "a woman must be initiated into what it means to be a woman."

Michiko Kakutani is on the staff of The New York Times.

She argues that women's films assign men four basic roles: "they die or disappear," "they are deeply involved in their work, which is more important than any woman, even if she is dying of cancer," "they let women down, because they lose their jobs, make women pregnant under adverse conditions, use them or discard them in various ways, or develop amnesia and forget they ever knew them," or "they beat, rape, and kill women."

No doubt such categories are interesting to the film student, intent on writing a term paper about women's movies, or the screenwriter, intent on creating a parody of the genre. They may even be interesting to the ardent film buff, who wants to compare and contrast favorite movies, seen at revival houses or on late-night television.

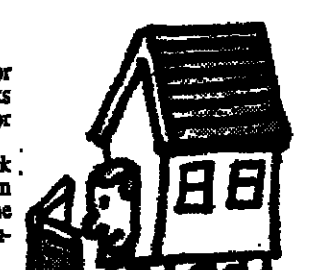
Other readers will simply wish that such categories had served as a jumping-off point for some deeper and more provocative analysis.

Michael Kanabli is on the staff of The New York Times.

WHAT THEY'RE READING

• Gerald Durrell, British author and naturalist, reads his own books as a soporific at night and five or six others at once.

"It might be the latest Dick Francis, a book of poetry, or an erudite tome on the sex life of the Patagonian weasel. A house without books is an empty shell." (Michael Balzer, 1977)



Japan 1.50

a Corner? Mandela Is Studying Afrikaner Land Plan

CRISIS IN MOSCOW / OUTMANEUVERED



A wounded Moscow policeman climbing over a military vehicle near parliament on Sunday as he sought to reach safety.

Surging Mob Too Much for Lightly Armed Police

By Lee Hockstader
Washington Post Service
MOSCOW — The police made a stand near McDonald's, but they could not hold. They made a stand at a bridge over the Moscow River, but they were pushed back. And finally, they made a last stand near the Russian parliament, but they were overwhelmed.

President Boris N. Yeltsin's forces had ample warning on Sunday that a crowd was scheduled to gather at 2 P.M. and that it planned to march on the White House, as Russia's parliament is known. But their lines buckled before a mob that swelled to perhaps 7,000 or more, and they used no lethal force to turn back the waves of demonstrators, until it was too late.

Indeed, most of the 1,000 to 2,000 militiamen were armed only with riot sticks, and when the rioting crowd surged with its full-throated battle cry and its red hammer-and-sickle flags, the police gave way. Like a defeated army, they retreated chaotically, with sirens wailing, tires screeching, and panicked young men in full riot gear running for their lives.

"We could not shoot," said one ashen-faced policeman who panted to catch his breath as he fled. "No one wants a massacre."

The police fired tear gas at the demonstrators at several points, but it was not enough. They clubbed scores, maybe hundreds of people, but the marchers kept coming. Each time they collided with the marchers there was the sound of riot sticks meeting bone, of riot shields clashing and of the injured on both sides screaming and moaning in pain.

Many of the marchers, probably most, were middle-aged or older. There were

relatively few people under 30. But the marchers kept up a purposeful pace.

When the marchers reached the parliament building, many of them armed with rocks and clubs, they advanced on the militia's last lines of defense. Numbers were on the marchers' side, and so was adrenaline. The police awaited their advance in silence, their fear palpable.

If the forces of communism and far-right nationalism carried the day, it was

'These people are crazy. I think this is not the end but the start of terrible bloodshed that will continue for days. I hope it is not the start of a war.'

Misha, 26, a Moscow resident

because they enjoyed the natural edge of a determined, even fanatic minority. As for the majority — the millions of Russians who gave Mr. Yeltsin a decisive victory in the popular referendum in April — they were nowhere to be seen until late Sunday night.

When they first caught sight of the marchers flooding down Moscow's Garden Ring Road, some of the bystanders smiled wearily at first, believing they were seeing yet another harmless protest march. But within moments they would see the militia fleeing the throng's advance in their direction, and the smiles would vanish. They would grab their bags and their

children and hurry away, ducking into side streets and alleys or jumping into their cars and speeding off.

Just after 3 P.M., as the marchers reached the Arbat, the pedestrian walkway whose most recent tenant is a newly opened McDonald's, the police had brought up hundreds of reinforcements in buses and military trucks. Again, they fired volleys of tear gas. But even that was not sufficient to deter the thousands of demonstrators.

By 3:20 P.M., just an hour after the demonstrators had begun their march near a giant statue of Lenin at October Square, they reached the White House, where members of parliament and several hundred armed supporters have been holed up under siege for a week and a half.

As they arrived there was a torrent of gunfire, but it was not clear whether it was pro-Yeltsin police units firing in their air, or anti-Yeltsin forces firing on the police.

The crowd, now jubilant, swarmed onto the grounds of the parliament, hugging and dancing and shouting that a great victory had been won for Russia, for democracy, for the constitution and for legality. Old women hoisted posters of Stalin, and the red flags of the former Soviet Union seemed to be everywhere. Several people yelled anti-Semitic slogans.

By now the marchers had joined forces with their compatriots inside the parliament building, many of them heavily armed. Their numbers and courage thus fortified, they turned their attention to a tall building next door, where Moscow city officials had been coordinating their siege of the parliament and where the International Monetary Fund and many foreign businesses have their offices.

lobby windows, and the crowd stormed the building.

By 4:30 P.M. the rout was complete, and the pro-Yeltsin militia, what was left of it, could only watch from a bridge, 200 meters away. There was shattered glass all over, and men were led from the tall city hall building bleeding and bandaged.

All week the anti-Yeltsin forces inside the White House had taken care not to flaunt their weapons, which the government had called on them to surrender. But now, for the time being at least, all government authority had fled, and there were weapons evident everywhere.

Like the crowds in Berlin who chipped away their souvenirs from the Wall, these demonstrators found their memento of triumph, too. Before long nearly everyone carried small curbs of razor wire, cut or hacked from the coils of the stuff that the militia had strung around the White House last week. One middle-aged woman wore a piece on her woolen coat, like a pendant.

From the loudspeakers at the parliament, Sergei Baburin, a hard-line deputy, urged the crowds to keep calm. "Victory will be ours!" he proclaimed. "Don't listen to rumors!"

As blue sky faded to dusk, the White House became something of a local attraction for Muscovites. Couples dressed in their Sunday best strolled onto the grounds, mixing with the stubble-faced vigilantes.

Misha, a 26-year-old artist who lives nearby, wandered by, stunned by the day's events. "These people are crazy," he said. "I think this is not the end but the start of terrible bloodshed that will continue for days. I hope it is not the start of a war."

Rebels Take Fight Into Georgian Heartland

TBILISI, Georgia — Rebels hostile to the Georgian leader, Eduard A. Shevardnadze, have advanced out of their ethnic territory and threaten the capital, Tbilisi, Georgian radio said Sunday.

The rebels are loyal to the former Georgian president, Zviad K. Gamsakhurdia, who is mounting a comeback from the western region of Mingrelia.

The radio said gunmen using tanks and heavy artillery moved into the village of Khvoni in central Georgia late Saturday.

Earlier Saturday, the rebels took the port of Poti. Six people died in the fighting there.

Khvoni is about 25 kilometers (16 miles) northwest of the central Georgian administrative center, Kutaisi, which remains loyal to Mr. Shevardnadze. It is also about that distance north of Samtredia, a railway junction where the lines from Poti and Georgia's southernmost port, Batumi, meet.

If the pro-Gamsakhurdia rebels move on Samtredia, they would be able to cut off Tbilisi's access to all supplies from Black Sea ports.

Georgian radio broadcast the information in a statement by Mayor Temur Shashishvili of Kutaisi, where on Friday Mr. Shevardnadze gathered district leaders loyal to him to work out ways of strengthening areas bordering Mingrelia from attack.

The Itar-Tass press agency quoted a Samtredia official as saying that Mr. Gamsakhurdia's forces might also take that town since they were not enough government troops to defend it.

The rebels control nine towns and districts in western Georgia, Itar-Tass said.

Two weeks ago, Mr. Gamsakhurdia returned from nearly two years in exile when Mr. Shevardnadze's attention was diverted to defending his country against a separate ethnic uprising in the region of Abkhazia.

Abkhazias fell to separatist forces last week. Mr. Shevardnadze has appealed to Gamsakhurdia supporters to cease all activity while refugees are being evacuated.

Taking Dim View of Russian Prospects, Western Banks Are on Guard

By Erik Ipsen
International Herald Tribune

LONDON — The battle of recent days between President Boris N. Yeltsin and the Russian parliament temporarily rolled Western financial markets, but Western bankers said they had foreseen the possibility of danger there.

"The risk there was already very high, so we did not need to change our assessment of it," said Ursula Dreythaler, an international economist with Deutsche Bank in Frankfurt.

After years of mopping up bad loans — from Latin America to their own domestic real estate markets — battle-scarred Western banks had taken such a dim view of Russian prospects that most confers there was little room to downgrade their ratings. Nonetheless, some bankers insist that Russia remains too big and too potentially lucrative a market to write off.

With impeccable timing, Dresdner Bank and Banque Nationale de Paris opened a new jointly owned bank in St. Petersburg just days before the latest political crisis. In so doing, they were following in the footsteps of Credit Lyonnais, which opened its branch there in the late summer. They insist, though, that their investment is not money mislaid.

"Russia has enormous problems, but we do see long-term potential there," said a Dresdner Bank executive in Frankfurt.

Even those Western banks that have been rushing to establish themselves as Russia-based lenders have had no illusions about the difficulties they face. Citibank, the most ambitious, was planning to capitalize its new bank initially at a relatively paltry \$15 million, versus \$10 million for BNP. Dresdner, what is more, even before Sunday's violence, all the banks intended to stick to short-

term trade financings, assiduously avoiding long-term commitments.

Apart from differing assessments of the political dangers, Western bankers agree that Russia's soaring inflation rates make even medium-term lending excessively risky. The fear is that even interest rates running upward from the equivalent of 200 percent per annum today could fail to cover the lender from the risk that inflation would actually exceed that figure within a year's time. If that happened, it would turn loans with even the most princely of interest rates into loss-making vehicles for the lenders.

Bankers also admit that they see little need to commit themselves to multiyear loans when there is so much trade financing business currently going begging in a market bereft of willing lenders. Eager Western bankers point out that the value of the country's exports and imports totals roughly

\$150 billion, much of which needs some form of financing.

"There is no other place in the world where the banking system is still in its infancy and yet there are such huge trade flows," said Mijenko Horvat, who heads Citibank's operation in Moscow.

The debt debacles of the last two decades have changed the way banks look at risk. In the past, rigorous methodologies involving matrices that weighed everything from political risk to economic growth prospects were used. Having failed to predict disasters ranging from Latin America to Poland to commercial real estate in the Western capitals themselves, the banks have recently edged closer to a system of portfolio risk.

Painfully convinced of their inability to predict events, many banks are now seeking to lessen their risks by spreading them as widely as possible among countries as well as industries.

For the European Bank for Reconstruction and Development, the bank set up to bolster economic development in Eastern Europe and the former Soviet Union, the opportunities to spread risks among a wide geographic area are limited. Instead it seeks a wide spread of industries and sectors.

"Our approach to lending is to try to diversify our loan portfolio as much as possible," said Robert Harada, the head of country credit for the European Bank.

In Russia, diversification is not a lender's last refuge as much as it is his only one.

Traditionally, Russia's central planners measured such things as the number of bolts, refrigerators and cars produced but not their value, price or profit. Even if such numbers did exist, some bankers point out that since they would be expressed in rubles their usefulness would be reduced by the currency's tremendous volatility.

CLINTON: Behind Yeltsin

Continued from Page 1

and the process of bringing about free and fair elections. "This was a reference to Mr. Yeltsin's call for December elections for a new parliament."

"We cannot afford to be in the position of wavering at this moment or backing off," the president said.

Speaking before leaving for California, Mr. Clinton said there was little the United States could do but watch the situation closely and protect the U.S. Embassy, which is located close to the parliament building, also called the White House. American officials have previously expressed concern that any overt U.S. actions supporting Mr. Yeltsin could be viewed as an interference in Russia's domestic affairs and might play into the hands of parliament.

Defense Secretary Les Aspin warned Sunday against drawing conclusions from the fragmentary and unconfirmed reports surfacing in Moscow. But he termed the situation very disturbing.

"The violence seems to have been instigated by Mr. Rutskoi," Mr. Aspin said, declaring that Mr. Yeltsin "has the high ground."

"We would clearly like to see this crisis resolved in favor of the forces of democracy," Mr. Aspin said, adding that he hoped it would be settled "in as peaceful a way as possible."

Mr. Clinton said that the Rutskoi forces "don't have any organized military support that we're aware of."

But Senator Sam Nunn, Democrat of Georgia, the chairman of the Armed Services Committee and a leading Russia expert in Congress, called the turn of events "tragic and scary" in that Mr. Yeltsin may be forced to play into the hands of his opponents and widen the violence.

"Yeltsin clearly is going to take decisive steps now," Mr. Nunn said in an interview. "This is what the people in the Russian White House wanted — a confrontation. It works to their advantage."

Manfred Werner, the NATO secretary-general, said he hoped Mr. Yeltsin would be able to "control the situation quickly, within a few hours."

In a broadcast interview during a trip to the United States, Mr. Werner termed events "tragic" and "dangerous," and he characterized Mr. Rutskoi, a former army general, as someone who can "create a lot of trouble."

He added: "The first threshold has been crossed. Violence is used. There is shooting. The second and I believe even more important threshold would be army interference, and possibly the division of the army. That would indeed lead to civil war."



Vice President Alexander V. Rutskoi, center, gave instructions on Sunday to his defense chief, Colonel General Vladislav A. Achalov, right, after his speech to followers to occupy mayor's office.

The Russian Standoff, Day by Day

The Associated Press

Sept. 21 — President Boris N. Yeltsin announces that he is dissolving parliament and calls new elections for December. Hard-line lawmakers meet in emergency session at the parliament building, voting to impeach Mr. Yeltsin and appoint Vice President Alexander V. Rutskoi as president. Anti-Yeltsin demonstrators throw up barricades around the building.

Sept. 22 — The military and the police stick with Mr. Yeltsin. Downtown crowds cheer him. Lawmakers call for a nationwide strike go unheeded.

Sept. 23 — Gunmen who authorities say are from a rightist officers' group try to storm a military command post, killing a police officer and a civilian. Mr. Yeltsin announces early presidential elections for June, six months after parliamentary ones.

Sept. 24 — Mr. Yeltsin orders parliament's volunteer defenders disarmed after news that lawmakers distributed dozens of automatic weapons. Few guns are found, however.

Sept. 25 — Mr. Yeltsin says on television that opponents are on their "last gasp" and that he won't use violence to end the standoff.

Sept. 26 — In the biggest demonstration of popular support for Mr. Yeltsin, thousands cheer

him at a concert in Red Square, and at least 10,000 supporters march through Moscow.

Sept. 27 — Mr. Yeltsin rejects proposals for simultaneous presidential and parliamentary elections, calling any compromise "doubly dangerous."

Sept. 28 — Hard-line protesters clash with riot policemen. An officer is pushed in front of a car and killed.

Sept. 29 — Mr. Yeltsin gives lawmakers until Monday to leave parliament or face "serious consequences." Hard-liners indicate a willingness to negotiate.

Sept. 30 — Both sides agree to talks mediated by the Russian Orthodox Church.

Oct. 1 — The talks end inconclusively, and lawmakers reject a proposal to surrender their arms in return for the lifting of the blockade on parliament.

Oct. 2 — Hundreds of hard-liners fight the police in central Moscow, hurling stones and setting up burning barricades, in the largest clash of the crisis to date.

Oct. 3 — About 10,000 pro-parliament demonstrators overwhelm the police, lifting the siege of the parliament building and seizing key government facilities in fierce street fighting. Mr. Yeltsin declares a state of emergency in Moscow.

U.S. Embassy Staff Avoids the Windows

The Associated Press

MOSCOW — American diplomats, whose embassy has a front-row view of the Russian parliament building, stayed away from windows Sunday night and watched the drama unfold on closed-circuit TV monitors, a spokesman said.

"We are open, everybody seems to be all right, but we are monitoring the situation," said a spokesman, who spoke on condition of anonymity. "We are advising Americans to stay off the streets."

At one point on Sunday, several hundred hard-line demonstrators walked past the embassy and chanted, "Yankov go home."

But so far, there have been no assaults on the embassy or the nearby new embassy compound, the spokesman said. There also were no reports of stray bullets hitting the facility. The Russian parliament building is located across the street from the new embassy compound.

RUSSIA: Violence Erupts in Moscow as Hard-Liners Go After Key Sites

Continued from Page 1

describing his building's encirclement. But Russian television later began some pro-Yeltsin broadcasts from a secret location.

Mr. Yeltsin flew back from his country house to the Kremlin by helicopter and declared a state of emergency in Moscow. In a statement read on television moments before it was cut off, the government said it would now use "force to terminate the actions of political adventurists."

Mr. Yeltsin himself, shown on the American network CNN walking slowly through the Kremlin courtyard upon his return, did not appear on Russian television.

Yegor T. Gaidar, first deputy prime minister of the Yeltsin government, appealed via Russian television Sunday night for all Yeltsin supporters to gather in front of City Hall to "defend our future and the future of our children, and to prevent our country from once again being turned into a concentration camp."

By midnight, a crowd of 10,000 had gathered, including many young people and veterans of the war in Afghanistan. More streamed toward the Kremlin. They appeared to be unarmed, but were forming into "brigades" and setting up barricades around City Hall to prevent any attack.

The Kremlin appeared quiet, with no sign of imminent attack. Much of Moscow outside the battle zones appeared normal, and most people knew nothing of the day's events unless they tried to drive through the city or watch television.

Highly placed defense sources reported that the armed forces collegium, composed of Defense Minister Pavel Grachev and his top generals, met for several hours as the violence erupted and agreed to

throw its support to Mr. Yeltsin. Military districts across the country were contacted by the collegium and also appeared to be staying in the Yeltsin camp, the sources said.

"Order will be restored in Moscow in the shortest time possible," Mr. Yeltsin's statement said. "We have the forces necessary for this."

In preparation for a possible army attack, the hard-liners inside the parliament indicated Sunday night that they were mining the area.

Mr. Yeltsin issued an order in the evening, naming Prime Minister Viktor S. Chernomyrdin his successor in the event of the Russian leader's "incapacitation."

The day's events began with a rally of about 5,000 parliament supporters beneath a giant statue of Lenin in October Square. Lines of policemen, clearly unprepared for the size of the crowd, used tear

Gorbachev Urges Yeltsin to Retreat

Agence France-Press

MOSCOW — Former Soviet President Mikhail S. Gorbachev called Sunday for all armed units to withdraw from Moscow, and for the announcement of President Boris N. Yeltsin's decree dissolving parliament, Itar-Tass said.

"According to mass media reports, the events in Moscow have taken an extremely dangerous turn," he was quoted as saying. "The escalation of the confrontation is leading to tragic consequences, and people are dying."

"All this could lead to a fatal civil war," he added. Mr. Gorbachev also assailed Mr. Yeltsin's declaration of a state of emergency in Moscow, saying it could deepen the crisis.

gas but no lethal weapons to try and keep the demonstrators in the square.

The protesters marched along Moscow's inner ring road toward parliament, picking up some strength as they marched and over-running police lines.

At the White House, as the parliament is known, Interior Ministry troops fired their guns into the air, failed to stop the advance and then quickly fell back amid confusion. Hundreds of rounds of gunfire erupted at one point, though in the chaos it was unclear who was firing. Two policemen were killed, including one whom a Reuters photographer saw shot through the head by a sniper in the White House.

Having routed troops from the Interior Ministry's Dzerzhinsky Division, which enjoyed a reputation as the crack units of Mr. Yeltsin's police force, Mr. Rutskoi emerged onto a parliament balcony and urged his exulting supporters forward. Almost without a fight, the protesters occupied the sky-scraper next door, which belongs to the Moscow majority, and captured several pro-Yeltsin officials there, allegedly beating some.

Commandeering the water-cannon and troop-transport trucks that the police had used to cordon off the parliament, the parliament supporters headed toward the main

television transmitter and other positions key to controlling the nation's press. The press has generally supported Mr. Yeltsin during the crisis.

By 7 P.M., at least 2,000 demonstrators had surrounded the two main buildings of the Ostankino television center, about 13 kilometers (8 miles) from the parliament in northeast Moscow, which appeared to be guarded by only about 60 frightened police troops. A huge roar went up from the crowd as a column of green military trucks rumbled the glass doors of the building on the left, and demonstrators began chanting: "Rats, come out! Rats, come out!" The rebels rushed into the building and set up gun positions on the second floor.

Within minutes, however, two huge explosions sounded, the ground floor erupted in fire and tracer bullets began flying from the building on the right. Then fire from grenade-launchers shattered the rebels' position, and at least 30 people caught between the two buildings fell.

Several appeared to be dead and a dozen others wounded, including demonstrators and journalists. Fierce gunfire between the two buildings kept rescue teams away from the wounded for at least 20 minutes.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Foreign Policy in Doubt

What is the Clinton administration really trying to tell the American people about its foreign policy intentions? First, a series of high-profile speeches dutifully affirms the importance of continued U.S. leadership and international engagement...

force, and when should it limit itself to diplomatic and economic pressures? To what extent should it accept the constraints of United Nations or NATO joint decision-making...

Time to Focus on American Self-Interest

By Christopher Layne and Benjamin C. Schwarz

LOS ANGELES — Bill Clinton's United Nations speech last Monday capped a week in which the administration, with the Balkan crisis looming in the background, set forth a contradictory vision of post-Cold War foreign policy...

those historically turbulent regions from relapsing into pre-Cold War patterns. What would happen if the United States abandoned its world order strategy and if instability resulted? The foreign policy community says that American workers would lose their jobs...

It is time for America's Cold War alliances to go out of business.

ment believes that U.S. national security — defined as preserving world order and security structures, like NATO, deemed essential for its attainment — is at stake in the Balkans. Notwithstanding administration waffling, the logic of Washington's world order ambitions may well lead to U.S. and NATO involvement in the Balkans...

national autonomy and avoiding the risk of war are more important values.

Any meaningful strategic rethinking must weigh the real costs of interdependence, including these considerations: the harm to the United States if access to certain overseas markets is disrupted; the likelihood of disruption; and the availability of alternatives to reliance on those markets...

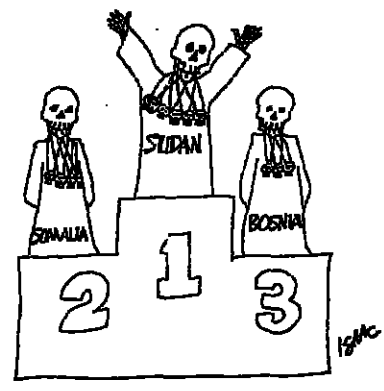
Mr. Layne is a lawyer and foreign policy analyst in Los Angeles. Mr. Schwarz is a foreign policy analyst at the Rand Corporation in Santa Monica. This column was adapted by The New York Times from an article in the current issue of Foreign Policy.

Playing It Over Again In Bosnia?

By Edwin M. Yoder Jr.

WASHINGTON — It required no gift of prophecy to foresee that the bold humanitarian mission to feed the starving in Somalia would end, as idealistic enterprises often do, in complications. Big complications.

Nearly a year after the Bush administration sent American troops to that tattered African land, promising to relieve hunger and get out within six months, the U.S. mission has become a quasi-political struggle featuring nightly raids by U.S. Army Rangers...



By ISAAC in Bulletin Today (Mumbai, C&W Syndicate)

What Do Bosnians Want?

The decision by Bosnia's Muslim-led government to reject the current international peace plan means first of all that the war may go on. This is grimly accepted by those who feel that only by further fighting can Bosnia gain enough extra territory to give at least a hint of viability and honor to a shrunken and battered Muslim entity.

tions' refugee chief in Bosnia says the Bosnian parliament's rejection of the peace plan leaves an estimated 2.7 million needy Bosnians "looking into the jaws of a major disaster." Sarajevo, which has a functioning airport that can take 20 UN aid flights a day, is in a state of wretched unpreparedness for the coming winter...

Development Involves Extracting a Clear Picture

By John Williams

NEW YORK — In a report issued recently in London, the United Nations Children's Fund takes an imaginative new look at the problems of social development. The catchall euphemism for the evils of poverty, illiteracy, malnutrition, sickness and early death, the report ranks national achievement in social development. But it makes clear that the pursuit of development is often an extremely inexact undertaking...

Thus, much of the allegedly precise data on which social development programs rest simply do not exist. Projections are often based on fragmentary and outdated surveys, at times even extrapolated from data in neighboring countries. Are statistics that important? Peter Adamson, the Oxford-based development specialist who edited the UNICEF report, says: "High military budgets, weak administration, corruption, debt, declining aid levels, unfair terms of trade and closed markets are all important drags on development. But the lack of statistics is different. It misleads everything..."

An estimated 120 million of the 190 million underweight children in the world live in four countries: China, India, Pakistan and Bangladesh. Probably as many as 60 percent of the children in India and Bangladesh are malnourished, a rate twice as high as in sub-Saharan Africa. But the data are rough. "It's a scandal that figures on something as important as malnutrition are so weak," Mr. Adamson said. "It's a vital indicator of the mental and physical development of the rising generation, the nation's future..."

Arabs Should Do More

After a rousing sermon, the astute preacher passes the plate. So, after the historic Rabin-Arafat handshake, the Clinton administration on Friday raised more than \$2 billion in pledges of international aid for Palestinians, including an unexpected \$100 million offer from Saudi Arabia. That is a splendid start. But open borders and freer trade are what truly make the West Bank bloom. On that score, Israel's Arab neighbors still seem unwilling to take the smallest risk for peace.

\$150 million in several years. The U.S. pledge of \$500 million in five years was achieved by juggling grants and loans, shuffling programs and assuming that Congress will concur. Yet close legislative scrutiny is needed. Americans have already provided a disproportionate share of the aid flowing to Israel and Egypt after the Camp David accord; this must not become a habit. And Congress must make sure that the aid reaches West Bank Palestinians, not the PLO's bureaucrats. In a glowing moment, an elected government of Israel has offered a \$75 million down payment to help a Palestinian people whose very existence was once denied by Israeli leaders. When will other Gulf states follow the Saudi lead in offering aid? And when will all Arab states end a pointless and self-punishing boycott?

Other Comment

Build With Quakes in Mind

Shifting tectonic plates cause the earth to shake, but humanity through its works makes the catastrophe. Eastern Maharashtra is prosperous; the houses have stone walls and iron or concrete roofs. These proved to be death traps. To honor the victims, something should be learned from this, primarily by the vernacular architects of India and other poor countries. As world population grows, so does the risk from earthquake. The worst earthquake catastrophe in recorded history hit China in 1556, killing an estimated 830,000 people, a tribute to the development of the Chinese people. Nowhere else could an earthquake have been so deadly in the 16th century. The potential now is greater.

Hong Kong: Hear the Clock Ticking

By Michael Yahuda

LONDON — Time is fast running out for Hong Kong. At their meeting in New York on Friday, Qian Qichen, China's foreign minister, and Douglas Hurd, his British counterpart, were unable to narrow what the latter called the "considerable gap" between them. The danger period of a parting of the ways over the constitutional development of the territory has arrived.

It would have demonstrated courage and independence. For the first time, Hong Kong people through their representatives would have decided on their future political development. In 1997, China would face a legislature that had stood up in the eyes of the world and, perhaps more importantly, in the eyes of the people of Hong Kong for the interests of the territory.

What Chinese interest is served by risking the collapse of Hong Kong?

China has threatened to annul any such elections when it resumes sovereignty over Hong Kong in 1997. It has also threatened to take over the territory earlier should it decide that "chaos" has arisen. The council, a kind of halfway house between a colonial body and a representative assembly, would be in a very difficult position if the Patten proposals were submitted in the teeth of opposition from Beijing. At worst there could be deep divisions among its members, ending in an impasse. Confidence in Hong Kong could well vanish, leading to social unrest and possible Chinese armed intervention. A previous governor called such a possibility the "Armageddon scenario." Alternatively, the council could succeed in passing neutral laws. They would be binding on Britain even if considerably different from the Patten proposals. But the council would have demonstrated courage and independence. For the first time, Hong Kong people through their representatives would have decided on their future political development. In 1997, China would face a legislature that had stood up in the eyes of the world and, perhaps more importantly, in the eyes of the people of Hong Kong for the interests of the territory.

Both Britain and China are clearly playing for high stakes. It is not difficult to identify Britain's interest, but China's is harder to fathom. Britain has a responsibility to leave the people of Hong Kong with institutions that will allow them to maintain their way of life in accordance with the terms of the 1984 Chinese-British Joint Declaration. The Patten proposals have been modified in the course of the negotiations. However, they are still designed to ensure that an independent legislature could be elected before the Chinese takeover. It is a fine calculation whether Britain's interests would be damaged more by a breakdown with China over Hong Kong or by relinquishing its prestige at home and abroad by surrendering to Beijing's demands. In any event, Governor Patten has all-round support within the Conservative Party and from the Labor and Liberal Democratic parties in London. Moreover, the importance to Britain of trade with China and Hong Kong can easily be exaggerated. For China, by contrast, Hong Kong is of tremendous importance. Seventy percent of commercial investment in China flows through the territory. Significant Chinese institutions and individuals have invested heavily in Hong Kong. The territory accounts for a third of the value of China's trade. It is a major factor driving the economic boom in southern China, indeed in China as a whole.

Hence it is difficult to see what possible Chinese interest could be served by risking the destruction of Hong Kong. More broadly, such an outcome would undermine any remaining prospects that Beijing may have of persuading the people of Taiwan of the benefits of reunification under the framework of the "one country, two systems" that is being offered Hong Kong. It would also damage China's international standing in many ways. The argument that China is following a high-risk strategy because sovereignty is involved is difficult to accept. The sovereignty question was settled nine years ago: Hong Kong is set to revert to Chinese rule on July 1, 1997. Meanwhile, China has usually exercised power over the territory. Since Beijing decided to engage in substantive negotiations over outstanding issues with Britain in April, it can hardly be maintained that "face" is a matter at issue. Of course, it is possible to argue that China is engaged in brinkmanship to test the resolve of Britain and Hong Kong before agreeing to settle at the last possible moment. But it is also possible that the effects of the pending succession crisis in Beijing are already being felt. These would make it very difficult for anyone in authority in China to make concessions on such a sensitive question as Hong Kong, in which Deng Xiaoping has taken a personal interest. In such a finely balanced situation, the influence of the United States may be important. Perhaps now that President Bill Clinton has taken a band in improving relations with China, he could remind the leaders in Beijing of the American interest in seeing an equitable settlement of the Hong Kong issue.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Yotties on Strand PARIS — Some years ago, in a small proto-house in Fleet-street, London, a fad was hatched that for a time had great vogue among small Cockneys who wanted to be "yotty." The fad was for the "yotoman" to show his familiarity with things of the sea by referring always to yachts by name, without using the word "the." Thus the craft that a yachtsman would call "The Heatherbell," the Strand-staying "yotoman" simply referred to "Heatherbell." It was: "Heatherbell will race Alice this week and next week Lily will compete with Garnet."

1943: Hai Phong Bombed HEADQUARTERS OF THE 14TH UNITED STATES AIR FORCE IN CHINA — [From our New York edition:] American Liberator bombers and their Kittyhawk and Lightning escorts shot down thirty Japanese Zero fighters, probably destroyed fourteen others and damaged five on Friday [Oct. 1] in a running battle with enemy planes over Indo-China, it was announced today. In spite of the fierce aerial resistance, in which six Liberators were damaged, the big bombers dumped fifty tons of heavy explosive bombs on the power plant, warehouses and dock installations at Hai Phong in one of the heaviest raids of the war on that important port.

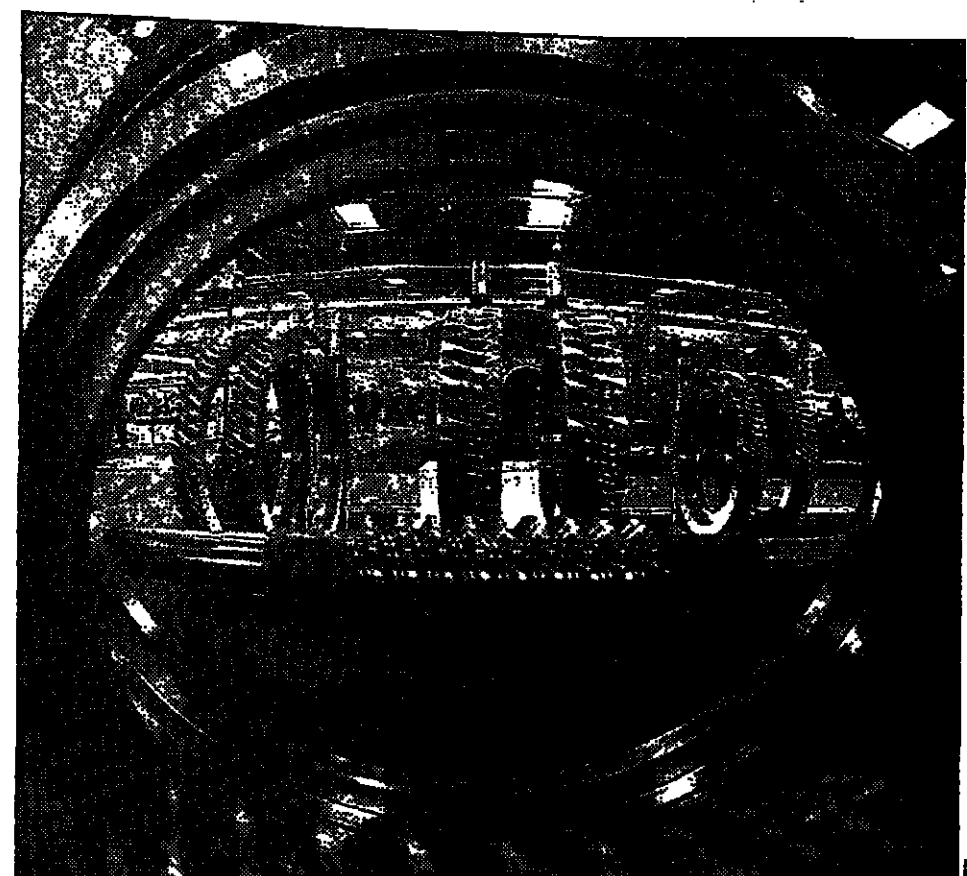
1918: A Crowning Moment WITH THE FRENCH ARMIES — General Gouraud's men last night [Oct. 3] crowned their successful Campaigns in Champagne by taking Chateauignas and advancing to the southern edge of the village of Mouron, in front of the western exit from the Grandpre gap. Further west they also took the bright called La Croix des Soudans, from where they command the valley of the Aisne northward. These successes coincide with fresh outbreaks of fire in the villages to the north toward Vouziers.

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International Herald Tribune KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman RICHARD McCLEAN, Publisher & Chief Executive JOHN VINOCCUR, Executive Editor & Vice President

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GERMANY LOWER SAXONY



Close-up on technology at the Hannover Trade Fair.

WIDE-OPEN SPACES ARE A MAGNET FOR BUSINESS

Whether Lower Saxony is described as "rural, remote and centrally located" or "heavily industrial, the major annual stop on all corporate itineraries and centrally located," both definitions of this north German state turn out to be equally correct.

As any traveler passing through Lower Saxony soon notices, this north German state is exurban.

A forward base for reconstruction

Eighty percent of its 7.55 million inhabitants live in towns or on farms scattered across its 47,569 square kilometers. While the state is Germany's leading manufacturer of automobiles, tires and various other automotive and capital-goods products, its factories are generally low-rise buildings placed inconspicuously in fields or green industrial parks.

This impression of

ample, open space is reinforced at the state's leading tourist destinations. Lower Saxony manages to accommodate 70 million visitors a year without the overcrowding of other popular resorts. The exception is, of course, Hannover at trade fair time - most of the year. Last year's 60 events, staged by Deutsche Messe AG, the city's trade-fair authority, attracted 2.4 million businesspeople, more than any other trade-fair site.

The business advantages of the state's central location were capitalized upon relatively late in Western Germany's economic miracle, only after the metropolises on the country's outer

rim had grown saturated and crowded. There followed a move toward the country's affordable "inner expanses" and its large pool of highly qualified labor and available commercial property.

External investors joined a "locomotive company" in putting the state's economy on the fast track. A majority of Volkswagen AG's output - the company's turnover has increased 15-fold over the last 30 years - has been both generated in and plowed back into the state.

The result was a 15-year climb by Lower Saxony to the top echelons of West German business locations. During that period, the state's portion of West German totals for investment secured and for jobs created registered steady increases, as did its relative rates of economic and productivity growth.

Germany's postunification boom, in which Lower Saxony went from a pivot for modest flows of east-west transit traffic to a staging ground for an unparalleled transfer of material, personnel and funds to Eastern Germany. At the same time, Lower Saxony profited directly from rapidly increasing East German consumer and corporate consumption.

This position as a forward base for the reconstruction of Eastern Germany has stood Lower Saxony and its companies in good stead during the difficult period of recession. Saxony Anhalt, to the east, registered Germany's best rates of economic growth in 1992, cushioning Lower Saxony - and especially its construction and skilled-trade sector - from the worst effects of the slump.

Now, with its first quarter of tenuous growth under its

belt and the country's early indicators pointing toward recovery, the German business community is looking beyond months of cutbacks and short hours to the post-recession "lean-everything era," as one economics weekly recently termed it.

"Lean management," "lean production" and "lean supply" all refer to the same

Well-situated for the lean new businesses

thing: operations trimmed of unnecessary costs and delays, a business approach that works very much in Lower Saxony's favor.

"I have never seen the markets so cost- and time-sensitive as they are today," says Peter Fischer, the state's minister for economics, technology and transport. Of the advantages of the state. "That's where I see Lower Saxony's emerging opportunities."

THE PRIME MINISTER CHARTS LOWER SAXONY'S COURSE

Gerhard Schröder has been prime minister of Lower Saxony since June 1990. Born in 1944, Mr. Schröder earned a degree in jurisprudence. He was elected to the Bundestag, Germany's federal parliament, in 1980.

Your state has been at the front line of change in Germany and in Europe. What trends do you see shaping Lower Saxony over the next few years?

Some of the trends we notice in the state are definitely not local in nature. Economic change in Eastern Germany has set off a wave of migration to the West. Lower Saxony's population has experienced a net gain of 100,000 over the last three years alone. This migration now looks as if it could be starting to taper off. The key proviso is that growth in Eastern Germany remain on course. That, like so many other

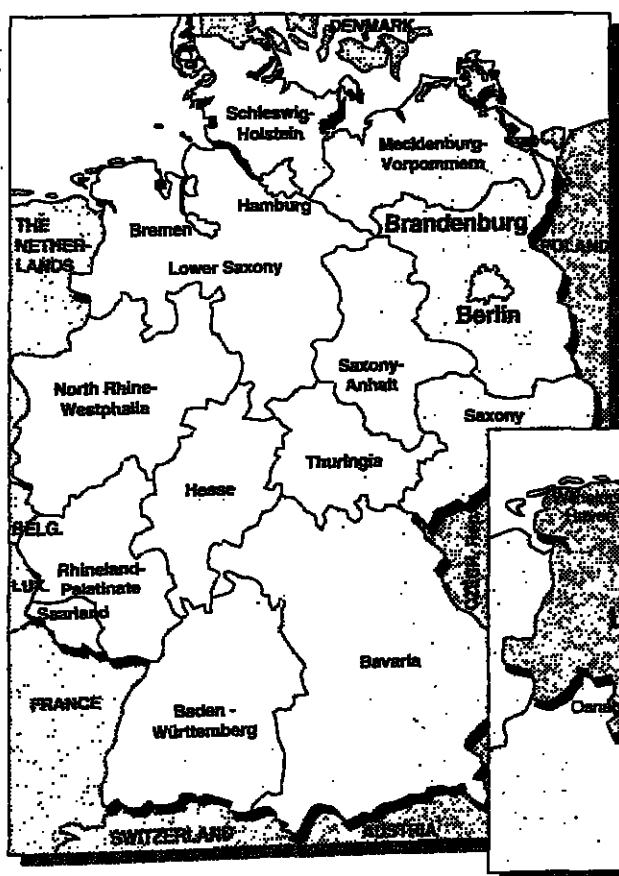
things, is dependent on a speedy recovery from the worldwide recession. Other trends are very long-term in nature, so the recession has had little or no effect on them. Lower Saxony's service sector - particularly in the areas of financial and intelligent services - has been growing steadily, as have our environmental engineering companies. Impetus for this area has come from within the state, from Lower Saxony's many major manufacturers. Virtually all new production facilities now being set up in the state are environmentally friendly, and in fact this has been the case

for a good number of years.

For all intents and purposes, Lower Saxony, Bremen and Hamburg form one economic unit. What moves are there toward closer institutional ties on local and state-wide levels?

It's a problem we in north Germany have been facing for some time: political barriers separate two of our region's key cities - Bremen and Hamburg - from their greater metropolitan areas, which are located in Lower Saxony. This has caused disjunctions and an unnecessary duplication of administrative resources. At the same time, counterbalancing this, on the social, economic and infrastructural levels, links among the parts of the region have been growing stronger and deeper. To overcome this problem, governments in north Germany - Lower Saxony, Bremen and Hamburg - are currently working on giving these links institutional forms, on setting up joint economic promotion campaigns, transport planning

Continued on page 8



THE STATE OF LOWER SAXONY

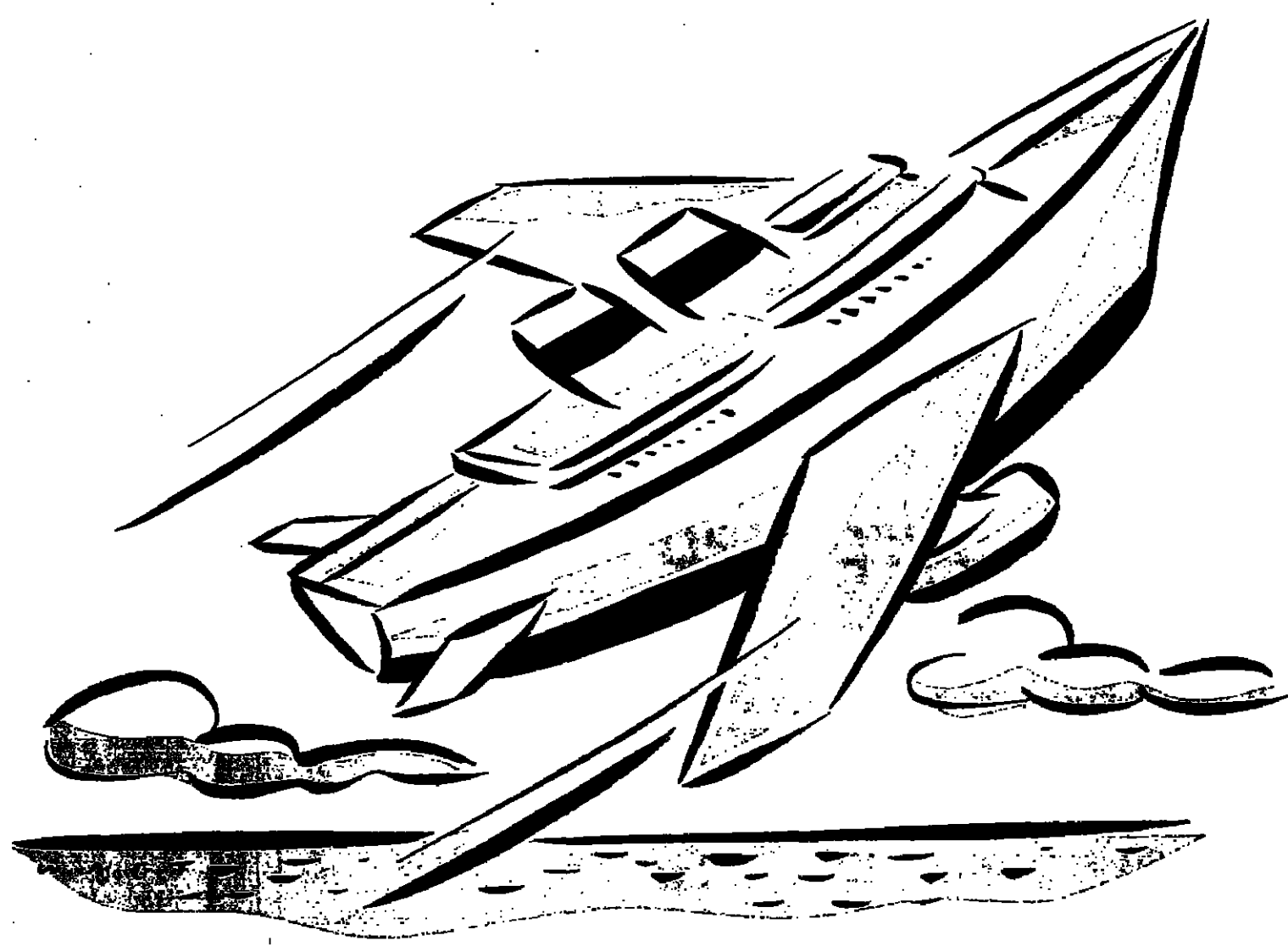
Area: 47,569 square kilometers
Population: 7,550,000 (1992 estimate)
Major cities: Hannover (state capital): 517,000
Braunschweig: 259,000
Osnabrück: 165,000
Oldenburg: 145,000
Wolfsburg: 129,000
Prime Minister: Gerhard Schröder
Useful Addresses:
Investment Promotion Agency
Hamburger Allee 4
D-30161 Hannover
Tel: (49 511) 34 3466
Fax: (49 511) 361 5909
Deutsche Messe AG
Hannover Trade Fair

MesseGalerie
D-30521 Hannover
Tel: (49 511) 89 0
Fax: (49 511) 893 2626
Ministry of Economics, Technology and Transport
P.O. Box 101
D-30001 Hannover
Tel: (49 511) 120 6484
Fax: (49 511) 120 6499
Lower Saxony State Chancellery
Planckstr. 2
D-30169 Hannover
Investor Information
Department 33
Tel: (49 511) 120 2673
Fax: (49 511) 120 2668

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ADVERTISING SECTION

FIRST A STATE, THEN A REGION

When German reunification reopened the state's eastern border in October 1990, Lower Saxony went from relative isolation to sudden interdependency.

In regaining its traditional hinterland — the states of Saxony Anhalt and Mecklenburg-West Pomerania — Lower Saxony also regained a stake in their prospects. The western portions of these states quickly became part of Lower Saxony's economic catchment area, which also includes the city-states of Bremen and Hamburg.

This interrelationship can be witnessed any weekday along Lower Saxony's 550 kilometers of border with Saxony Anhalt and Mecklenburg-West Pomerania. Every morning, 100,000 work-

ers commute from their homes in the East to jobs in Lower Saxony. One-third of these are in fact West Germans. Many are employed at Volkswagen, whose headquarters are in Wolfsburg, a few kilometers into Lower Saxony. One reason for their move east: "Highly affordable houses," according to a VW spokesperson.

The government of Lower Saxony has given this interrelation an institutional framework. Some 1,600 Lower Saxon officials now help Saxony Anhalt collect its taxes and operate its administrative, social security and criminal justice systems. According to official figures, Lower Saxony has done more in this area than any other German state. In the opinion of Hinrich Swieter, Lower Saxony's minister of finance, this is all a matter of enlight-

ened self-interest. "The better Saxony Anhalt's tax authorities work and the quicker the state's tax system is made functional, the sooner our partner state will no longer be dependent upon financial help from the Western states," he explains. "This will be of obvious benefit to our state."

This interrelationship also has another institutional dimension. All three states now share a single "Hausbank" — Norddeutsche Landesbank Girozentrale. Nord/LB, as it is known, has served as the state of Lower Saxony's house bank and as the coordinating credit institution for the state's savings banks for more than four decades. In February 1992, Nord/LB assumed the same functions for the state of Saxony Anhalt, with Mecklenburg-West Pomerania following 10 months later.

A RICH SOURCE OF PRODUCE, STOCK AND EXPERTISE

Collectively, Lower Saxony's farms do their fair share toward feeding and "greening" both Germany and Europe. Individually, these establishments cover a wide range of agricultural specialties.

Ornamental plants and fruit trees are some of the heavyweights in German's export sector. Unlike automobiles, printing presses and turkeys

Prime products are grains and fodder

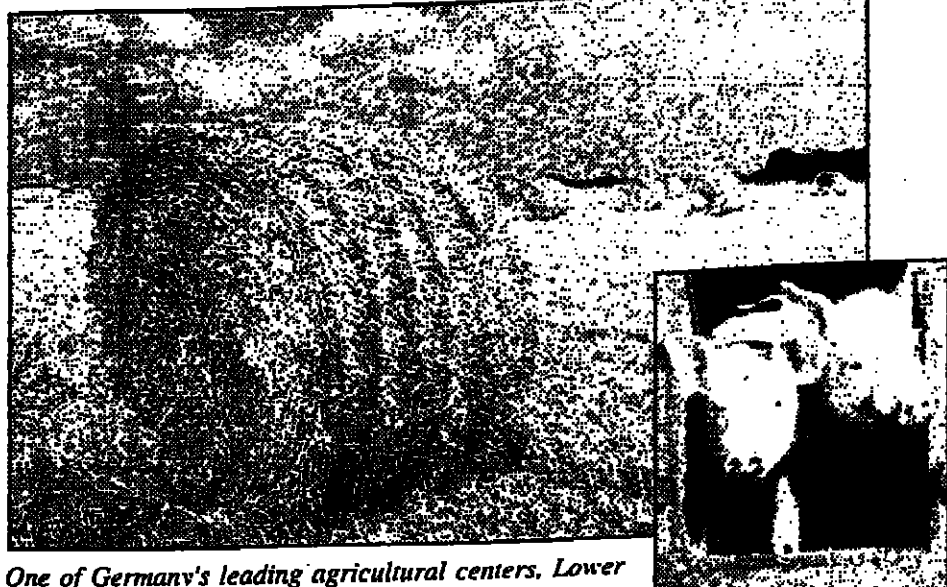
chemical plants, they are not produced on the factory floor; these azaleas, rhododendrons and apple trees are cultivated in the fertile soil of the Weser-Ems district and other regions in the state of Lower Saxony.

Germany is the world's fourth-largest exporter of agricultural products. Lower Saxony, nine-tenths rural and the country's second-largest state, is one of

Germany's leading agricultural centers. In addition to supplying the world's gardens and orchards, the state's 91,000 farms are also busy feeding the Germans, generating a third of the country's potatoes and eggs, one-fifth of its milk and half of its poultry.

These figures evoke images of Lower Saxony's swine and vegetable belts, areas of massive animal husbandry and year-round vegetable-growing facilities sprawling across the Osnabrück, Bentheim and Vechta districts. The state's agricultural enterprises are often small — their average size is just under 30 hectares (75 acres) — and highly individualistic in what they grow and how they grow it. The state now has 1,000 farms run on an organic basis, an increase of nearly 400 percent over the past four years.

Most of these agricultural enterprises are located in settings as alluring as the products they yield. Every May, in pilgrimages similar to those made in Washington and Kyoto,



One of Germany's leading agricultural centers. Lower Saxony supports some 91,000 farms.

Hamburg's residents travel a few kilometers westward into Lower Saxony's Altes Land district to see the spring blossoming. The Altes Land is reportedly Europe's largest contiguous fruit-growing area; its orchards produce 36 percent of the country's fruit.

Many of the towns along Lower Saxony's 700 kilometers of coastline are among Germany's leading tourist attractions. But for the hundreds of thousands of tourists visiting such ports and spas as Bensenel, Cuxhaven and Norddeich, it may not be evident how hardworking the seas and the land before them are.

Seaford represents a billion-Deutsche-mark-a-year (\$619-million-a-year) industry for the fisheries and processing facilities of

the state's northern region. The land behind the coastal dikes and lighthouses is some of the most fertile in Lower Saxony. Prime products are grains and fodder.

While the northern end of the state is flat and open, Lower Saxony's southern third is hilly and forested. The Harz, Weserbergland and Lienebergland mountains are popular vacation spots. They are also the home of Lower Saxony's forests, which cover over one million hectares and produce 4 million cubic meters of wood a year.

Much of the rest of the Lower Saxon landscape consists of villages of red-brick houses interspersed with vividly colored flowers and shrubs. The state has quite a few of both. At any given time, its 1,800 nurseries are growing 60

million shrubs, 1.7 million fruit trees and 1.4 million azaleas. These bring in 1.5 billion DM a year for the state's nurseries, one-third of Lower Saxony's nonanimal agricultural proceeds. State residents and companies earn another 1 billion DM a year in advising non-state growers on the care and cultivation of these plants.

"I'm currently in contact with the U.S., Belgium and Denmark," says Erwin Welker, a consultant to a group producing 100 million azaleas a year throughout Europe. Mr. Welker is based in Stuckenborstel, in central Lower Saxony. "They all want information on anything that will help them grow an azalea-lover's Holy Grail: a true-breeding species with yellow blossoms."

THE PRIME MINISTER CHARTS A COURSE

Continued from page 7

and harbor management agencies, environmental protection districts and regional coordinating bodies.

Your government has been a major participant in the reconstruction of Eastern Germany. What kinds of measures is Lower Saxony currently undertaking in Germany's "new states"?

We're providing people, expertise and money. For instance, in the past few years, we've "loaned" well over a thousand state officials and technical staff members to Saxony Anhalt, our neighbor to the east. This program is being continued, as are the various training programs held in Lower Saxony for East German local and state officials. One special emphasis of ours this year has been the building up of Eastern Germany's municipal governments. Our assistance can also be expressed in marks and pennings. Through the rerouting of funds, Lower Saxony has contributed 4 billion Deutsche marks [\$2.5 billion] to



Gerhard Schröder, prime minister of Lower Saxony.

the reconstruction of the East this year. That's equal to one-tenth of our entire state budget. A large portion of these funds has gone to Saxony Anhalt. Of course, our state's private sector has been highly active in the new states as well, investing in hundreds of enterprises in Eastern Germany.

Your state has experienced a highly

visible burst of growth over the past decade and a half, with new business sectors and regions taking shape. When you look around the state, what changes do you see now occurring on Lower Saxony's economic map?

The big change in our economic map has been on its borders. The advent of the EC's single market and of German unification has further opened our borders to the Dutch in the west and to Saxony Anhalt and Mecklenburg-West Pomerania in the east. This opening has produced another increase in our "all-way" traffic. By traffic, I don't just mean the flows of people and goods making their way down our centrally located roads and railways and waterways. I mean the traffic in ideas, technologies and plans. Because Lower Saxony is diverse — we produce everything from eggs and compact discs to ASIC chips and automobiles, and all of those in great quantities — very few of these new developments and projects pass the state by. This diversity has been a key factor powering our growth.

THE (TRADE) FAIR CITY OF HANNOVER

In an era of ever-larger, ever-more international trade fairs, Hannover's four decades of experience is standing it in good stead.

It's pretty quiet in Hannover, considering that the city's population has more than doubled in the last 24 hours. The only signs that the city has temporarily gained well over half a million residents is the incessant whirring of helicopter taxis taking company chairmen and visiting political dignitaries from the airport to the fairgrounds, and the ripples of "business English" spreading through the downtown area.

To the rest of the world, it may well be "CeBIT time," a chance to follow the doings of the world's largest trade fair. To Hannover's 511,000 full-time residents, it is just the busiest of 16 "rush days" a year, another occasion to go into their well-practiced, crowd-minimizing "fair drill," as Klaus Goehrmann, chairman of the executive board of Deutsche Messe AG, the city's trade fair authority, calls it.

According to Mr. Goehrmann, this drill involves a judicious mixture of peaceful coexistence and old-fashioned hospitality. "Before each of our 16 major trade fairs opens, everybody in town gets their downtown errands done and spruces up their guest rooms. Quite a few trade-fair visitors are put up in our homes and apartments. During the fair, residents steer away from our four- and five-star restaurants and the central city."

If it all works so efficiently, one reason is that the Hannoverians have been doing it for so long. The city has been holding major trade fairs since 1947. Since the beginning, Deutsche Messe AG, the city's trade-fair authority, has been the world's leader in terms of total turnover, number of employees and total exhibition space.

Even if it is relatively quiet on Hannover's streets and squares, it is

hectic on the fairground's "trading floors." With good reason: CeBIT 1993 is, typically, booked up. By the time the mid-March fair is over, some 660,000 visitors will have jostled and navigated their ways to appointments at 5,604 stands. The bustle extends to the trade fair's 14 meeting rooms and auditoriums. Each of CeBIT's eight days features at least one major congress and some 40 promotional and informational events.

The proliferation of "non-floor" events, up 9 percent since 1992, is an important manifestation of the trade-fair authority's market-service philosophy, according to Mr. Goehrmann.

"Nowadays, anybody can exhibit the latest machines and boxes, the 'hardware,'" he says. "What the market is looking for, what we have to offer and what makes the trip to Hannover worth a businessman's time and expense, is our 'software' and our 'brainware.'"

By "software," Mr. Goehrmann explains, he is referring to Deutsche Messe's ability to organize several thousand exhibitors into comprehensible units and a single whole. CeBIT, for example, would presumably be an unmanageable, oversized bazaar were it not organized into such sub-fairs as Electronic Banking, Mobile Communication Systems and Data Transfer Networks.

"An executive leaves Hannover with a thorough knowledge of the latest products," he says. "He also knows where the markets and technologies are going, what the state of his business is. Assembling a roster of events imparting that overview requires the expertise I call 'brainware.'"



Klaus Goehrmann, chairman of the executive board of Deutsche Messe AG.

For the 55-year-old Mr. Goehrmann, who has headed Deutsche Messe AG for nine years, a vital part of his job is keeping a close eye on where his own market is headed. Nearly all of Deutsche Messe AG's leading competitors are sitting on its doorstep. According to a recent report in Munich's authoritative Süddeutsche Zeitung, 100 of the world's

150 major trade fairs are held in Germany, with many of the rest availing themselves of the country's organizational services. It is precisely these services that the country's trade-fair authorities, which have founded domestic and international subsidiaries, are vying to provide. Domestic subsidiaries stage local and specialist events for third-party authorities or on their own account. International arms take successful

home-ground fairs and tailor them to meet the needs of other countries. Deutsche Messe's locally based subsidiary, Fachausstellung Heckmann GmbH, staged 12 trade fairs and congresses in 1992, three-quarters of them in Hannover. "Southeast Asia is, of course, one of our most promising international markets," says Mr. Goehrmann, "along with such rapidly developing countries as Turkey and Mexico and such awakening giants as Russia." It is therefore not surprising that Hannover Messe International GmbH's 1993 fairs feature such locations as Beijing (two events), Saigon, Monterey and Moscow. Nor, considering the authority's command of the capital goods field, is it startling that the fairs focus on metal-processing machinery, machine tools and communication and propulsion technologies.

A KEY TO INVESTMENT: ACCESSIBILITY

During the last few years, Lower Saxony has displayed healthy rates of economic, job and population growth. Driving these gains has been a surge in business growth, with companies taking advantage of the wide access and low costs offered by the state.

Germany's four largest metropolitan areas either adjoin Lower Saxony or are within easy reach of the state. Within a 250-kilometer (155-mile) radius of Hannover are the Rhine-Ruhr region, greater Berlin, greater Hamburg and the Rhine-Main region as well as three of Germany's four largest airports and 62 of the country's leading ports, including Wilhelmshaven, the country's only deep-sea port, and Hamburg, the Continent's second-largest.

More important, this central location translates into short transport times because the highways from such Lower Saxon industrial centers as Braunschweig, Hannover, Salzgitter and Wolfsburg largely run through this relatively thinly populated state and avoid interurban bottlenecks.

Naturally, site planners pay close attention to labor and real-estate costs. According to the state's Investment Promotion Agency, labor costs in Lower Saxony are 7 percent lower than the German national average. Commercial and residential property range 20 percent to 60 percent below country-wide means.

These advantages have not escaped a wide range of local and non-German corporate executives — with a quantifiable, collective impact.

In 1992, Lower Saxony recorded a 2.4 percent rate of economic growth, second among Western Germany's states. According to Peter Fischer, Lower Saxony's minister for economic affairs, technology and transport, the number of people employed in the state increased by 3.8 percent during the year. During a three-year period, 230,000 jobs were created in the state.

These increases were accompanied by a massive rise in investment in capital goods and structures. For instance, in 1991, non-German investors allocated nearly 10 billion Deutsche marks (\$6.25 billion) to the state. Over the last 15 years, Lower Saxony's share of total outside investment in Germany has risen 250 percent. Investment on this scale has caused a corresponding jump in overall productivity. In 1992, matching the figures for total industrial output, productivity in the state's industrial sector rose 3.8 percent, while the overall German average was declining 1.4 percent.

While this year's figures will be decidedly less rosy — Lower Saxony, like most other parts of Germany, is just starting to come out of a recession — the figures do document a highly visible trend. Corroboration is provided by a recent study of 267 business centers in Europe. Conducted by an independent research institute, the survey ranked Hannover as the second most attractive place in which to do business in Europe. The city finished first among Germany's cities, with Braunschweig placing third.

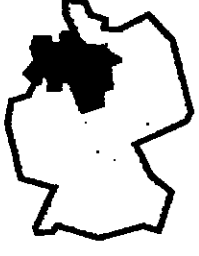
Further evidence is offered by Lower Saxony's clutch of so-called "new largests," which are active in infrastructure-intensive and cost-sensitive fields, meaning that their operations are dependent on the quality of the transport and telecommunication systems at hand, and that costs play the dominant role in the selection of production sites. Examples of these "new largests" are Otto Versand, now the world's largest mail-order company, and TUI, Europe's largest travel company.

Lower Saxony's breadth of high-speed, high-volume means of transportation is another advantage. The state has more than 500 kilometers of ultra-high-speed ICE train track — more than anywhere else in Germany — plus hourly connections on all routes. It boasts a modern, uncongested airport in Hannover, with more than 3 million arrivals and departures a year, and an extensive grid of waterways.

Germany's best business location



has Germany's best environment.



Surprised?

Wirtschaftswoche, Germany's authoritative business weekly, recently conducted a survey of Europe's 267 leading business centres, from Reykjavik to Athens. Survey criteria: growth rates, level of workforce training and qualifications, quality of transport, operating costs and standards of living. Results: Hannover placed 2nd in Europe, 1st in Germany.

Stern magazine recently assessed the quality of Germany's environment. Criteria: levels of

pollution, number of toxic waste sites and of nature preserves, attitudes towards conservation. Covered: 543 districts. Findings: 8 of the top ten were in Niedersachsen, including numbers 1 through 4.

For a future survey on the quality of life, some possible criteria: cuisine, culture and consciousness. Hannover has the "most promising cook of the year '93" (Gault Millau), the most theatre seats and the country's best-known museum of modern art.

Niedersachsen is spacious, with room to move, live and act.

Conduct your own survey of what Niedersachsen has to offer your business. Whatever the criteria, the findings are always the same: Niedersachsen is the place where business and the environment are linked by a common, highly promising future. Remember: Our Land had the highest rate of growth in Germany during the last two years.

Which doesn't surprise us at all.

Niedersachsen

سكان من الامم

010

MARSHES, MOORS AND MOUNTAINS

Tourism in Lower Saxony is a large, and largely informal, affair. Because most visitors stay in such private lodgings as "working farms," the state has traditionally — and mistakenly — been relegated to the also-rans among Germany's vacation areas.

An exhaustive official survey made in Lower Saxony at the end of 1992 came up with a surprising discovery: A poll of the state's tourist

The Harz range is a main attraction

facilities — not just the hotels — gave the number of overnight stays at 70 million, placing Lower Saxony



Off the north coast lie seven main "ocean-going" islands.

near the top of Germany's total state tourist rankings. Nature and art are the state's prime attractions. While the Harz mountains and the surrounding forest belt have retained their role as one of Germany's leading tourist centers, attracting 6.3 million people in 1992, an increasing number of visitors are coming to Lower Saxony for its wide variety of "waterscapes."

The farther north one goes in Lower Saxony, the more water predominates. On the northern side of the Steinhuder Meer — the state's central, inland sea — water is first an occasional visitor, then a continuing presence. First the land turns wet. Marshes and moors appear. They include the trackless, brooding Teufelsmoor, which stretches out over 30 square kilometers (12 square miles). Then the open land gives way to a "canalscape," in which dikes and canals divide the countryside into agricultural and residential plots.

Finally, heralded by a succession of massive, storm-resistant "winter dikes," the coastline emerges. Unlike the Dutch, their fellow land-creators to the southwest, the East Frisians do not face the open sea. Their coastal waters are, depending upon the tides and time of year, often mud flats, shoals and sandbanks. This Wattenmeer — "mud-flat sea" — stretches over 600 square kilometers. Two-thirds of it lies in Lower Saxony's Wattenmeer national park, the country's largest.

The Wattenmeer is pierced by a number of channels. These connect such major ports as Wilhelmshaven and Cuxhaven with the open sea. They are also the avenues for ferries linking the mainland with Lower Saxony's seven main "ocean-going" islands, 20 to 50 kilometers away.

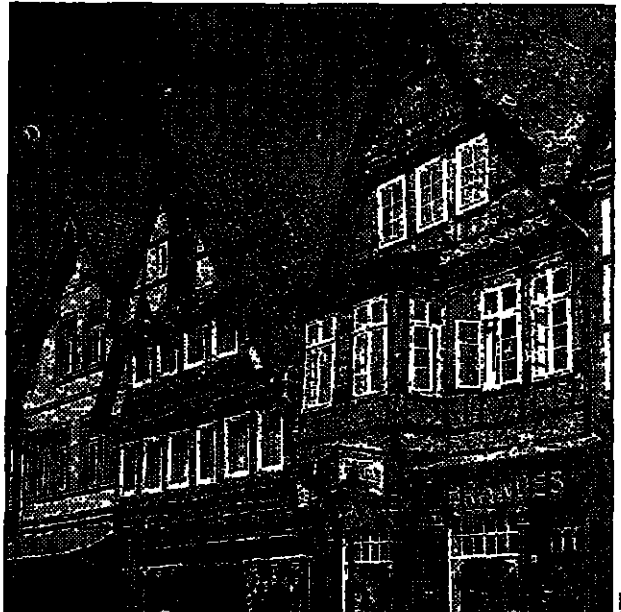
Going west to east, Bodum is the largest of the islands, at 36 square kilometers, and has three impressive lighthouses.



Tourists target this state to the tune of 70 million overnight stays a year.

Juist has horse-drawn coaches instead of cars. Norderney was the first of the islands to become a resort and was a longtime favorite of progressive artists and conservative politicians. Baltrum is the smallest and allegedly the quietest of all the islands; it was also the last to find its way onto the beaten path. Among its first guests: Paul Klee and family.

Langeoog does not permit cars on the island either. Because it has some small woods, Spiekeroog is known as the "green island." Located at the very east of the chain, Wangerooge is generally considered the most lively of the islands. For that reason, its summer population tends to be predominantly young and fun-loving.



Half-timbered houses in Celle, northeast of Hannover on the Aller River.

INDIVIDUALISTIC ARTISTS, VISIONARY COLLECTORS

Art in Lower Saxony, a land without dogmatic artistic schools, has always been an individualistic affair. So has the building of striking collections of artwork and literature.

Duke August the Younger of Wolfenbittel (ruled 1636-1665) apparently found the pursuit of knowledge more interesting than territorial aggrandizement and other pastimes favored by 17th-century German rulers.

Rilke, among others, found inspiration here

Instead of fiefdoms, he collected books. Of the 35 principalities in what was to become Lower Saxony, his duchy was one of the more obscure.

August built the collection of his grandfather, the founder and planner of the Renaissance city of Wolfenbittel, into a library of some 150,000 folios — an invaluable documentation of a millennium of European intellectual, artistic and daily life. Not content to merely supervise his troop of book-purchasing agents, August also served as one of the first librarians, writing 4,800 pages of the library's 7,200-page catalogue. One of his successors was Gotthold Ephraim Lessing (1729-81), one of Germany's leading playwrights. A prominent visitor was Casanova, who described his time spent in the library as "among the most pleasant hours of my life."

Now open to the general public, the Bibliotheca Augusta now contains over half a million volumes and attracts tens of thousands of tourists every year. Since 1983, the library has housed the 12th-century "Gospels" of Henry the Lion.

Purchased for 32.5 million Deutsche marks (\$20 million), it is the most expensive book in the world. According to *Artforum* magazine, the German travel and culture specialist, the sellers may very well have been descendants of August's generation — the Guelphs, led by such potentates as Henry the Lion, this dynasty ruled much of Germany and often Europe from their base in Hannover for over a thousand years. Besides the richly illustrated Gospels, and from "English" Georges (Kings George I through IV of Great Britain), the Guelphs also bequeathed a rich legacy of art, d'art, paintings and medieval trappings to the world. Much of this can be seen in Lower Saxony's museums.

One of August's younger contemporaries was Duke Anton Ulrich of Braunschweig (1683-1714), whose duchy bordered on Wolfenbittel to the north. Anton Ulrich's passion was collecting paintings, and he picked an excellent time and place in which to do it: Holland and Flanders in the second part of the 17th century. His collection includes important works by Rembrandt, Vermeer and Ruisdael, as well as some by such Italian masters as Veronese and Tintoretto. It now forms the basis for the 250-year-old Herzog Anton Ulrich Museum, Germany's oldest museum and still one of the most important in Europe.

Lower Saxony's tradition of individualistic art collecting has flourished into the 20th century. Hannover's Sprengel Museum, one of Europe's most comprehensive displays of modern art, dates back to 1969, when Bernhard Sprengel donated his mammoth personal collection of modern art to the city of Hannover and provided funds for the building. Henri Nammer, long-time editor in chief of *Stern* magazine, founded a modern art museum in his native town of Eintracht in north-west Lower Saxony. The golden age of art making came to Lower Saxony a century and a half after the state's first great collections had been established. When it arrived, the state's artists, characteristically enough, rejected the conventions of the time. Instead of looking on nature to be painted, they looked out, in small groups, to the Lower Saxon countryside, setting up shop in its moorland villages, mountain-side refuges and windswept farmsteads. The best-known of these colonies is Worpsswede, founded in the last part of the 19th century and located 15 kilometers (9 miles) northeast of Bremen.

Home to such turn-of-the-century cultural luminaries as Otto Modersohn and Paula Modersohn-Becker, Heinrich Vogeler and the poet Rainer Maria Rilke, Worpsswede is still a vital center for the arts today. Over the past century, a wide range of other "colonies" has sprung up. Like Worpsswede, they are located in remote settings. Their ranks include Nordhorn, Kloster Frenswegen, Lingen, Papenburg and other remote Lower Saxon towns.

SMALL TOWNS ARE HOME TO BIG BUSINESS TRENDS

Lower Saxony's towns and villages are venues for many of Germany's largest business developments, backed up by the state's academic and scientific community.

The business being conducted today in Lower Saxony takes many forms:

VW headquarters are in Wolfsburg

Industrial-scale recycling of automobiles and telecommunication devices; an ongoing space exploration in compact discs; the application of wind and solar energy to local electricity and heating systems; and mass-transit systems with the mobility of the automobile. "Lower Saxony is a big trend state," says the state's prime minister, Gerhard Schröder. Its new technical and corporate developments have two main engines. The state's large academic and scientific community, including 12 universities and 12 technical colleges as well as 118

nonacademic research institutes, has the requisite scope for large-sized, innovative systems.

In addition, the state, although decidedly small-town — 80 percent of its population lives in towns of less than 100,000 — is home to some of Europe's largest companies. Preussag, a corporate empire based on packaging, metals and transport, holds a firm place in Germany's corporate Top 20. It has its headquarters in Hannover and major production facilities in Salzgitter (population: 110,000).

Volkswagen, employing 15 percent of the state's work force and accounting for 5 percent of its GDP — and more than a third of its exports — is a major force in the state's economy. With an annual turnover of 85 billion Deutsche marks (\$53 billion) and a production volume of 3.5 million cars, minibuses and trucks, it is Europe's largest automobile manufacturer. Rather than creating a Lower Saxon Detroit, Volkswagen has decentralized production in the state, spreading it among its headquarters in Wolfsburg,

Salzgitter, Braunschweig, Emden and Hannover.

Nasse, Nesse and Nessmersiel are hard to find even on detailed maps of Lower Saxony. These coastal villages are the site of an innovative project in electricity generation. Instead of constructing a medium-sized power plant, Lower Saxony is installing 3,000 windmills along the coast. By 2005, when the

project is completed, total output will be 1,000 megawatts.

Goettingen is located at the other, southeastern end of the state. Many of its 124,000 inhabitants are students, professors or research scientists.

As of this year, it boasts the first district heating network to rely exclusively on solar energy as a power source.

Leer is only 15 kilometers (nine miles) from the Dutch border. Since 1990,

Windmills to produce 1,000 MW

this town of 32,000 has been the site of a pioneering automobile recycling facility, reported to be the first in Europe. The goal of this major, Volkswagen-led

venture is to develop automobile recycling technologies for large-scale applications.

All Golf models purchased after Aug. 1, 1991 are subject to Volkswagen's unconditional "return and recycle" guarantee. Future staff members for Leer's facility are currently studying at Wolfsburg's polytechnic, which

is offering a new major: Recycling.

Leer is also the venue for another forward-thinking Volkswagen project. Instead of taking their own automobiles into town or to work, residents of the Leer district are now able to use the innovative "Call-bus" — Volkswagen minibuses serving certain routes and sections.

Rapidly growing technology is fueling a rapidly growing community in Langenhagen, a town directly north of Hannover. Polygram's compact-disc production facility in Langenhagen now produces 75 million units a year, making it the largest of its kind in the world; the town is now one of Lower Saxony's most prosperous.

ON THE EDGE OF THE MILLENNIUM: EXPO 2000

The turn of the century is a propitious date for a new kind of world's fair. Hannover will be the site of Expo 2000, a groundbreaking event.

Expo 2000 will be staged from June 1 to Oct. 31, 2000 in Hannover. It will be markedly different both in approach and subject than its 64 predecessors, each generally a full-scale celebration of its host's glories and the technical advances of the time.

Says Margarita Madiopolous, senior vice president at Hannover's Nord/LB, one of the event's supporters, "I foresee Expo 2000 doing more than presenting an

on-site overview of technological progress. I believe it will serve to define what constitutes progress itself." Expo's motto is "Man, Nature, Technology." The fair's avowed goal, states Gerd Weiberg, head of Expo's planning commission, is to find "a balance, the points of harmony between all three. That is what constitutes quantifiable progress."

According to Mr. Weiberg, the way to find this balance is "not only to look forward at the glittering world of the possible, but to look back at our recent and distant past and evaluate the areas of achievement and of nonproductivity."

The timing of the fair is historically fitting, Mr. Weiberg points out. "Such turn-

ing-point years as 1800 and 1900 have served as a time of taking stock, of assessing the states of man and society," he says. "Both the current pace of events and the fact that we are entering a new millennium make this process more necessary than ever before."

Expo 2000 will do more than present innovative products and other offerings from the more than 120 countries expected to participate. Some 40 million visitors are expected to visit the fair's "theme park," which will extend over 70,000 square meters and feature a One World City. This holistic exhibition hall will be maintained on a permanent basis, as will the 2,500 environmentally friendly living

units constructed to house fair staff and visiting experts. The 8 billion Deutsche mark (\$5 billion) project is to be self-financing in the long run.

To meet the rigorous standards of the fair, Hannover and neighboring regions and communities in Lower Saxony — often called "our prime exhibits" by the Expo staff — will undergo infrastructure improvement, including the upgrading and creation of new transport systems.

"I'm confident that most of the proposals currently under consideration — for an extension of the regional railway and underground systems, and a connection to Germany's ICE express rail system — will be realized," says Mr. Weiberg.

ONE BANKING APPROACH: PUBLIC-SPIRITED, PROFIT-MINDED

One thing Lower Saxony lacks is a London or a Berlin. So its public sector has "gone capitalist" and is developing its own financial infrastructure.

Seventy major insurance companies have their headquarters in Hannover, helping the city rank among the top five German financial centers. Many of these insurers are structured in a unique way: they are owned by the public sector or trade and beneficial groups, and are managed according to strict private-sector principles. This hybrid arrangement is also common in the state's finance houses.

The term "public-private partnerships" may be a buzzword at the moment, but the idea behind it is hardly new. In these arrangements between private-sector companies and public-sector authorities, public goods such as water, electricity and redeveloped land are furnished by the private sector on a per-profit basis.

In Germany, a unique species of finance house manages to pack into a single institution both elements of the public-private partnership: the private sector's ability to operate efficiently and profitably and the public sector's capacity to serve the common good.

Examples are provided by the state's two largest service-sector employers. BHW Beamteneinstellenwerk has its headquarters in Hameln and a staff of 4,500. This savings and loan association serves Germany's millions of civil servants. The banking constellation headed by Norddeutsche Landesbank Girozentrale — Nord/LB for short — is another. Nord/LB's constellation consists of two Landesbanken (state-level central credit institutions serving four German

states), 130 local savings banks and state-level building societies along with merchant and private banking arms. Its aggregate balance-sheet total: 267 billion Deutsche marks (\$167 billion).

In 1992, Nord/LB's operating income rose 4.4 percent to 615 million DM. Its balance sheet total of 155 billion DM at the end of 1992 represented a 15.5 percent increase over the previous year's figure. In recognition, Nord/LB's long-term and short-term offerings once more received the highest ratings from such agencies as IBCA in London and Standard & Poor's in New York.

Nord/LB and its constituent banks often seem to be public-sector agencies. Through its various subsidiaries,

Banks resemble public-sector agencies

Nord/LB finances affordable housing, the environmentally friendly retrofitting of industrial operations, the start-up of new businesses and the maintenance and expansion of family farms. Both Nord/LB and its owner-partners — locally based savings banks — are often the main sponsors of arts and community-improvement projects.

Recently, Nord/LB took on another public-spirited activity: the construction of a free-market economy in the East. "In a sense, everything we had done during the last couple of years proved to be good preparation for our new responsibilities in the 'new states,'" says Manfred Bodin, chairman of Nord/LB's managing board.

Nord/LB Mitteldeutsche Landesbank, as the bank is formally known in the East, has been active in Saxony Anhalt

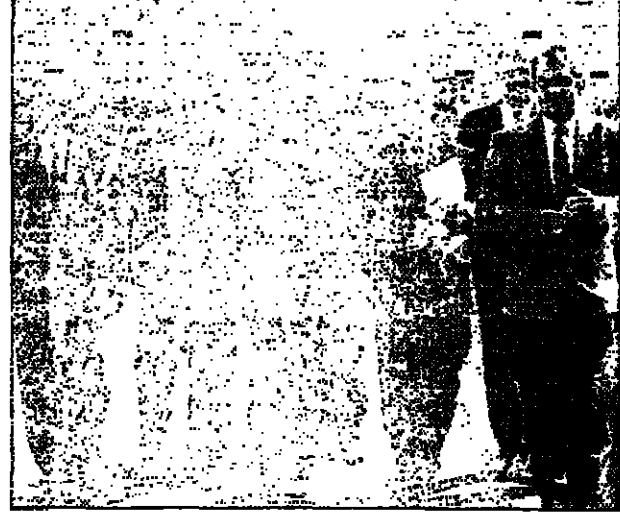
since St. Valentine's Day, 1992. Says Mr. Bodin. "Our entry into Saxony Anhalt involved our taking on a new, more activist mode of action, our moving from a coordinating and service role into an initiatory, developmental one."

A state-wide network of savings banks had been set up in Saxony Anhalt during the state's first year and a half of existence. Since its arrival in Saxony Anhalt, Nord/LB has provided the state's savings banks with personnel training programs, helped them set up computer-based settlement and accounting systems, furnished investment and financial products for their customers and assisted in securing capital backing. The state government has received access to international capital markets via Nord/LB, which is highly active in London, Luxembourg and New York.

As newly formed political entities, Saxony Anhalt's state and local governments require more than traditional credit-arranging services. Working with local savings banks, Nord/LB has provided them with financial planning services for their annual budgets and long-term projects.

"In effect, we step in wherever financing or financial expertise are in short supply," explains Mr. Bodin. "This involvement can take the form of furnishing equity capital and start-up services to new companies, or it may comprise the channeling of federal and state investment support funds to local businesses and communities. We strive to serve as the 'conductor' orchestrating the many public- and private-sector players involved in implementing the development process."

While many parts of Lower Saxony maintained a high level of economic performance during the post-World War



Advancing progress in the region: Nord/LB's board of directors.

II era and the ensuing decades, other sections — East Frisia for example — have required concerted action to achieve economic growth.

Does this, then, constitute some kind of "Lower Saxony model"? Says Mr. Bodin: "I think we have demonstrated in the state that public-sector policy goals and private-sector methods are by no means incompatible, and that a carefully cultivated pluralism of operating modes and of participants can in fact be highly conducive to the growth of the state and its financial community."

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Limited, London, Tel: 322 40 00. Prices may vary according to market conditions and other factors. Oct. 1

Table of bond prices for various countries including Canada, Germany, France, Italy, Japan, and the UK. Columns include Issuer, Coupon, Maturity, Price, and Yield.

Table of ECU Straights bond prices, listing Issuer, Coupon, Maturity, Price, and Yield.

Table of Pounds Sterling bond prices, listing Issuer, Coupon, Maturity, Price, and Yield.

Table of Yen Straights bond prices, listing Issuer, Coupon, Maturity, Price, and Yield.

Large table of bond prices for various international issuers, including government and corporate bonds from multiple countries.

MUTUAL FUNDS

Figures as of close of trading Friday, Oct. 1.

Table of mutual fund prices, listing fund names, share classes, and prices.

Table of mutual fund prices, listing fund names, share classes, and prices.

Table of mutual fund prices, listing fund names, share classes, and prices.

Large advertisement for 'CAPITAL MARKETS' and 'CURRENCY RAI' with various financial services and contact information.

Handwritten Arabic text: سوقنا من الامم

Handwritten number: 010

150 من الامارات

BUSINESS

International Herald Tribune, Monday, October 4, 1993

Page 11

CAPITAL MARKETS

Will Currencies Darken The Sun of Spain and Italy?

By Carl Gewirtz
International Herald Tribune

PARIS — For bond investors looking to maximize their gains, choosing the market in which to place their money is only half the challenge to doing well. The other half is making sure that the currency exposure is correct. While at first glance it would appear that the Italian and Spanish markets were the place to be during the third quarter of the year, currency movements meant that unhedged international investors did far better in guilders or Deutsche marks.

Data in J.P. Morgan's Government Bond Index Monitor shows that Italy and Spain were the best performing government markets in the third quarter with price rises respectively of 10.1 and 6.4 percent. But adjusting overall performance to include currency movements, international investors — whether measuring themselves in U.S. dollars, Deutsche marks or yen — did best holding Dutch and German bonds that in local currency terms advanced only just over 4 percent.

For dollar-based investors, movements in bond price and exchange rates produced an all-in return of 8.8 percent in guilders and 8.6 percent in marks. For yen-based investors the return in the two markets was just over 8 percent. Mark-based investors showed gains of just over 4 percent — the best that could be had given developments in the foreign-exchange market. This group of investors would have shown an all-in unhedged return of 2.8 percent on Italian bonds and only 0.8 percent on Spanish paper.

There is wide agreement among analysts that in the current quarter, bond prices in Italy and Spain will continue to outperform other markets. But there is a considerable difference of views on likely currency movements.

J.P. Morgan remains convinced that U.S. economic performance is stronger than the latest official data indicate and that there will be some modest nudging upwards of short-term rates before year-end that will have the dollar trading at 1.77 DM. The dollar ended last week at 1.6308 DM.

Laurence Kantor, Morgan's chief European economist based in London, believes that "the rally in the U.S. bond market is largely over, whereas the rally in European markets has considerably further to go. I'd overweight holding high-yielding paper: Italy, Spain and Sweden."

While the dollar may climb almost 8 percent, Mr. Kantor said he believed the likely appreciation in European bond prices would far outweigh the currency movement so that even unhedged U.S. investors would do best to invest in Europe.

The pro-European tilt is even stronger with analysts who believe the dollar is headed lower because the U.S. economy is seen continuing to underperform through the rest of the year. Swiss Bank Corp. sticks to its position that the dollar will fall back to the mid-1.50s against the mark while Neil MacKinnon at Citibank

See BONDS, Page 13

QVC Lines Up \$3 Billion for Its Bid, Bankers Say

Bloomberg Business News
Washington Post Service

NEW YORK — QVC Network Inc. is expected to tell Paramount Communications Inc. early this week that it has received financing for its proposed \$9.77 billion acquisition of the media and entertainment company.

On Friday, bankers said QVC's chief banker, Chemical Bank, had arranged for four other banks to assist with \$3 billion in financing. The bankers identified these as Barclays PLC, Long-Term Credit Bank of Japan, NationsBank of Charlotte, North Carolina, and Toronto-Dominion Bank.

Paramount's board decided last week that it would consider QVC's cash and stock offer, currently valued at \$9.77 billion, only when it sees evidence of the financing. The board is bound, by Paramount's earlier agreement to be taken over by Viacom Inc., to consider competing bids only if they are fully financed.

Viacom, which operates the MTV and Nickelodeon cable television channels, is offering cash and stock now worth \$7.52 billion for Paramount. Its bank syndicate is led by Bank of New York, Citibank and Morgan Guaranty Trust Co.

Traders and investors generally believe that Viacom will have to raise its bid. But they are divided over whether Viacom will have to push it well above that of QVC, a home-shopping cable television channel based in West Chester, Pennsylvania, and headed by Barry Diller.

In a square-off of roughly identical bids, some analysts reason, the better fit between Viacom and Paramount businesses would give Viacom an edge because of the prospect for better long-term value for shareholders.

"Sometimes the best offer isn't the highest offer," said Tom Lower, senior vice president for Norwest Bank Indiana, which holds nearly one million shares of Paramount.

Expressing a contrasting view, Eric Rosenfeld, head of arbitrage at Oppenheimer & Co., said he would not be surprised if QVC were to come back "with a bid in the \$90s." Oppenheimer owns a substantial position in Paramount stock.

Based on Friday's closing prices, Viacom's offer is worth \$62.94 a share and QVC's \$81.79 a share. Paramount stock closed at \$77.75, down \$1.25.

Many institutional holders of Paramount stock believe that Viacom's chair-

man, Sumner Redstone, will have to come up with more than Blockbuster Entertainment's \$600 million addition to his offer.

Some stock analysts believe that the new partners in Viacom's bid will be Southwestern Bell Corp. and Bell Atlantic Corp.

A Viacom-Paramount combination would merge Viacom's cable operations with Paramount's studios and publishing businesses, creating a force that could bundle entertainment from conception to delivery in the living room. The phone companies don't want to be left in the acid analysis say.

Data Firms Assail IBM as Monopolist Metalworkers In Germany Vow To Fight Pay Cuts

By John Burgess
Washington Post Service

WASHINGTON — At a time when the words "on the ropes" are off-applied to IBM, a group of small data-processing companies is lobbying the Justice Department to move against the computer giant as a menacing monopolist. The department's top antitrust lawyer is sufficiently interested to have given the group an hour recently to make its case.

Executives representing the companies, which operate computers for outside clients, met with Anne K. Bingaman, the antitrust chief, and three aides on Sept. 14. The visitors argued that International Business Machines Corp.'s data-processing subsidiary is violating a 1956 court decree that settled an antitrust suit.

IBM has said it is in compliance. A department spokeswoman said the matter is under review.

The government has promised tougher enforcement of anti-monopoly laws. How it handles this case will cast new light on what that means. In August, the Justice Department took over a two-year-old inquiry into Microsoft Corp. from the Federal Trade Commission.

With the IBM case, department lawyers will have to wrestle with questions of whether the vacuum-tube, punch-card-based operations described in the 37-year-old decree's fine print are the same as today's business of mainframe computers moving billions of bits of information by fiber-optic cable.

If the Justice Department finds a violation by IBM and decides to act, it could face criticism that sanctions could harm a key U.S. company that is struggling to regain standing in the world economy.

In any case, there is no clamor from the public or Congress for action. IBM reported a loss of \$5 billion last year and these days is generating more sympathy than fear. The country's large data-processing companies, meanwhile, have chosen not to join in the complaint.

But federal officials often act on technical violations, even if they find no monopoly threat. "To preserve the integrity of their orders, they'll prosecute," said James Lynch, an antitrust lawyer.

The complaint focuses on an IBM subsidiary, Integrated Systems Solutions Corp., based in White Plains, New York. With 15,000 employees and \$1.8 billion in annual revenue, ISSC operates huge mainframe-computer centers that churn the data of such clients as McDonnell-Douglas Corp., Hertz Corp. and Kaiser Permanente Health Plan Inc.

An IBM spokesman, Mark Holcomb, turned aside the allegations but declined to answer them in detail. "We have had now for 37 years an expansive and expensive program to assure compliance with the decree," he said. The subsidiary was formed in consultation with the Justice Department, he said.

At issue is the decree that settled a suit the department had filed four years earlier alleging that IBM was monopolizing emerging markets in information automation. Among other things, IBM agreed to spin off its data-processing business as an independent subsidiary that would get no special aid from it.

IBM spun off the business as ordered. In recent years it began handling commercial data processing through an in-house division, leading to murmurs of protest from some outside companies. In 1991, it formed ISSC and moved its data processing business there. The small service companies protested to the government under President George Bush but got no action.

"We have a decree in this country, and it's either the law of the land or it's not," said Charles Young, president of Affiliated Computer Services Inc., one of the complaining companies.

In Germany Vow To Fight Pay Cuts

Frankfurt — Germany's largest union, IG Metall, over the weekend promised employers a "mercilessly tough" battle over pay if management tried to push through threatened cuts in metalworkers' wages for 1994.

"We say a definitive 'no' to a worsening of pay contracts," the union leader, Klaus Zwickel, told labor officials on Saturday.

But strong words on strikes were softened by clear signs that the union was making job-saving a priority for 1994. Mr. Zwickel called on employers to put a freeze on job cuts in favor of less harsh measures such as short-term working.

"We want to raise income and to ensure employment," he said. "The most effective way to secure jobs, alongside higher pay, would be a moratorium against cutbacks in employment."

Mr. Zwickel spoke at a special congress that elected him president of the 3.5 million-member union. He had been acting president since May, when Franz Steinkühler, resigned over allegations that he had used the privileges of office to make profits from stock trading.

The congress came at the end of a week in which metal industry employers made an aggressive assault on the pay round with an unprecedented move to cancel wage contracts, a move usually made by the union side. That left workers' fear management seeks cuts in 1994 pay.

The employers' leader, Hans-Joachim Gotscholl, intervened in Welt am Sonntag, seemed neutral on a job-cuts moratorium. "We do not want to exclude any topics," he was quoted as saying.

Mr. Gotscholl, head of Gesamtmetall, the employers federation, also said: "We cannot behave as though the loss of jobs was of no importance for us. We have lost around 30,000 jobs per month on average over the last 12 months."

The union is aware that the talks due to start in December could be the most difficult for years. The debt burden mounted in three years of German unification, the recession, tumbling corporate profits and soaring unemployment have weakened unions' bargaining position.

IG Metall also faces the prospect that employers, their order books hit by falling demand, could respond to strikes with lockouts.

Under German law, lockouts triggered by union strike action can be extended to affect companies workers who were not involved in the original strike.

"The employers' decision has been consciously calculated to force

See METAL, Page 14

Paris Notebook

BNP Goes for the 'Headline Number'

Banque Nationale de Paris, first at bat in France's privatization World Series, is almost guaranteed to hit a home run, but analysts say it has a lot more to do with politics than with the financial fundamentals and prospects for the bank's future.

While the government has a dire need for cash to amehorize a recession-induced budget deficit, analysts expect the privatization of BNP — which is likely to get started this week — to be priced low, between 250 and 270 francs (\$43.69 to \$47.19) a share. The idea is to attract a high oversubscription ratio that, in turn, could raise investor expectations for the 20 other privatizations set to follow over the next few years.

"Only the chaos factor — such as a global market crash — can make this privatization fail," a Paris asset manager said. "What the government wants is to stimulate trust and confidence for the rest of the program."

Analysts expect the issue to be priced so as to be oversubscribed by a factor of four or five. "It's that headline number they're looking for," a Paris broker said. "Nothing else matters."

Warning for the Bourse

Speaking of chaos, some people say investors who have been pushing up the Paris Bourse to recent weeks should be giving more thought to what could happen if France has to back down in the ongoing dispute over the farm accord between Europe and the United States.

Ian Furnivall, analyst with Hoare Govett

Champs-Elysees: Fighting Word?

The folks over at LVMH Moët Hennessy Louis Vuitton, France's biggest champagne producer, are angry with the government. They argue that it has allowed state-owned Elf Aquitaine and its subsidiary Elf Sanofi to launch Champagne, an Yves Saint Laurent perfume, just as France is trying to win protection in the General Agreement on Tariffs and Trade for products intrinsically linked to their regional origins.

"Champagne is fighting the battle of its life to have appellation of origin included in GATT, and here the French government is trying to knock the hell out of the effort. It's scandalous," said a source, who described LVMH's chairman, Bernard Arnault, as "outraged."

Of course, LVMH, which markets competing perfumes such as Christian Dior and Givenchy, would have something to gain by seeing Champagne pulled off the market. A Paris judge said he would rule by the end of the month on a legal challenge brought by a wine and champagne industry association as well as by LVMH's Moët & Chandon unit.

Jacques Neher

The Citi Sometimes Sleeps

Citibank, which uses as an advertising slogan "the Citi never sleeps," has decided to take a 24-hour nap every Sunday in France.

Frank Beramont, head of consumer banking for Citibank in Paris, said that in launching its 24-hour Citiphone service in France, the American bank wanted to avoid an open conflict with the local banking establishment and the government, which prohibits banking on Sundays. The phone service is staffed by only three operators who give customers updates on their accounts and take orders for transactions. But at midnight Saturday, they are sent home.

"We do think it's necessary to operate on Sunday, but we didn't want to push too hard like Virgin," he said, referring to Virgin Group PLC's Megastore on the Avenue des

Epitope Sues Broker

Epitope Inc. said it had filed a lawsuit against A. Karl Kipke, a vice president of Kidder, Peabody & Co., alleging defamation, manipulation of securities prices, fraud and interference with business relations. Reuters reported from Beauverton, Oregon.

The company said Friday that the suit, filed last week in U.S. District Court in Portland, Oregon, said Mr. Kipke had used a false name to log onto a Prodigy Services Co. electronic bulletin board and

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Columbia Health Acquiring HCA for \$5.7 Billion

LOUISVILLE, Kentucky — Reflecting pressures for change in the U.S. health care industry, Columbia Healthcare Corp. announced Saturday that it was taking over HCA-Hospital Corp. of America for \$5.69 billion. The deal would create the largest investor-owned hospital chain in the world.

Richard L. Scott, chairman and chief executive of Columbia, who would be president and chief executive of the new company, said the deal would be accomplished as a tax-free exchange of shares and that no cash would be involved.

Under terms of the deal, described for accounting purposes as a pooling of interests, HCA shareholders will receive 1.05 shares of Columbia common stock for each HCA share.

The hospital chains said their accord was aimed at preparing for the kind of health-care system envis-

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THE TRIB INDEX

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News. Week ending October 1, daily closings, Jan. 1992 = 100.

Index	10/1	9/30	% Change
World Index	107.54	105.15	+4.17
Asia/Pacific	122.28	101.33	+20.94
Europe	111.87	111.45	+0.38
North America	116.03	114.80	+1.07
Services	116.39	115.34	+0.91

Industrial Sector	10/1	9/30	% Change
Energy	109.54	105.15	+4.17
Utilities	111.87	111.45	+0.38
Finance	116.03	114.80	+1.07
Services	116.39	115.34	+0.91
Capital Goods	102.28	101.33	+0.94
Raw Materials	102.07	101.01	+0.26
Consumer Goods	88.86	89.58	-0.78
Miscellaneous	109.91	108.70	+1.11

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

CURRENCY RATES

Currency	Per \$	Per 100	Per 1000	Per 10000
Australian	1.52	152.00	1520.00	15200.00
British	1.52	152.00	1520.00	15200.00
Canadian	1.52	152.00	1520.00	15200.00
Deutsche	1.52	152.00	1520.00	15200.00
French	1.52	152.00	1520.00	15200.00
Japanese	1.52	152.00	1520.00	15200.00
Swiss	1.52	152.00	1520.00	15200.00
Other Dollar Values	Per \$	Per 100	Per 1000	Per 10000
Argentine	1.52	152.00	1520.00	15200.00
Brazilian	1.52	152.00	1520.00	15200.00
Chinese	1.52	152.00	1520.00	15200.00
Indian	1.52	152.00	1520.00	15200.00
Italian	1.52	152.00	1520.00	15200.00
Japanese	1.52	152.00	1520.00	15200.00
South African	1.52	152.00	1520.00	15200.00
Swiss	1.52	152.00	1520.00	15200.00
Other Dollar Values	Per \$	Per 100	Per 1000	Per 10000
Argentine	1.52	152.00	1520.00	15200.00
Brazilian	1.52	152.00	1520.00	15200.00
Chinese	1.52	152.00	1520.00	15200.00
Indian	1.52	152.00	1520.00	15200.00
Italian	1.52	152.00	1520.00	15200.00
Japanese	1.52	152.00	1520.00	15200.00
South African	1.52	152.00	1520.00	15200.00
Swiss	1.52	152.00	1520.00	15200.00

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24th June, 1993

New International Bond Issues

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price and week, Terms. Includes Floating Rate Notes and Fixed-Coupons.

U.S. Banks, Society and Keycorp, To Merge

By Saul Hansell
NEW YORK — Two large banking companies, Keycorp, based in Albany, New York, and Society Corp., based in Cleveland, are expected to announce on Monday that they will merge.

The transaction would create a bank that would nearly blanket the Northeast United States from Maine to Alaska. With \$55 billion in assets, the combined bank would be the country's 10th largest and would have a stock market capitalization of nearly \$8 billion.

Late Friday, the New York Stock Exchange suspended afternoon electronic trading in both Keycorp and Society shares, pending the release of news.

The two banking companies are roughly the same size and do not have operations that overlap in any state. Keycorp is unusual in that it has operations in the Northeast and the Midwest, with major banks in Oregon, Washington, Alaska, New York and Maine. It is the country's 25th-largest bank, with \$32 billion in assets.

Society is the 29th-largest bank, with \$26 billion in assets. It operates mostly in Ohio, Indiana and Michigan.

Mergers of equals generally involve a swap of the banks' stock at market value, rather than a premium often paid when big banks acquire smaller ones. The Keycorp-Society deal was expected to be done at close to the market price of their stocks, financial advisers said.

Keycorp had been actively looking for a merger partner in recent months. Key and Society were in discussions several years ago, according to the financial advisers, but the talks broke off as they pursued acquisitions in their existing markets.

This deal would be the first major merger of equals in separate markets since the first round of interstate mergers in the mid-1980s. In recent years, banks have concentrated on buying banks in their home markets to combine branches and cut costs.

Treasury Bonds Have Room to Rise

NEW YORK — Surprisingly weak U.S. economic data have given Treasury securities further room to rise, according to market analysts and economists.

Prices of Treasury bonds and notes rose last week; the yield on the bellwether 30-year bond dipped back below the 6 percent level.

The heated rally of recent months had paused for a couple of weeks, but a limp reading of the economy from the National Association of Purchasing Management on Friday had investors jumping back into the market to buy bonds.

"The NAPM index was pretty weak," said Lawrence Leuzzi, managing director at S.G. Warburg & Co. "There is not much oomph in the economy."

The purchasing managers group said its September index of manufacturing conditions rose to just 49.7 from 49.3 in August. A reading below 50 indicates contraction in the sector.

Also Friday, the Commerce Department said factory orders in August rose 0.9 percent, but unfilled orders fell 0.6 percent, marking the sixth straight monthly decline.

That means backlogs are not piling up at factories, an indication of slack demand.

The NAPM report was especially surprising because investors and traders were betting that the index would dovetail with recent statistical indications of stronger growth.

"Quite a number of individuals were caught off side," or short in the market, said Matthew Alexy, market strategist at CS First Boston.

"If you're trying to sell the idea of an economy picking up and doing a lot better," he said, Friday's reports "don't suggest we're going anywhere fast."

A weakening economy boosts bonds because it suggests inflation will remain subdued. Rising inflation hurts the value of fixed-rate securities.

"Inflation is the only story I'm interested in," said Margaret Patel, who manages the \$190 million Advantage Government Securities Fund. "There's so much capacity," or unused

industrial plant, "that you can have quite an expansion before inflation becomes an issue."

Through August, the annual inflation rate was just 2.6 percent. On bond yields, therefore, "We'll see 5.5 percent before we see 6.5 percent," Ms. Patel said.

Last week, the 30-year bond rose 27/32 of a point in price, to 103 19/32. It had plunged 2 9/32 points in the previous two weeks.

The issue's yield, which moves in the opposite direction of its price, sank to 5.99 percent. The 30-year paper yielded 6.05 percent a week earlier and set a record low of 5.84 percent on Sept. 8.

The yield on the 2-year Treasury note fell to 3.83 percent from 3.88 percent.

Also surprising the market last week was the previous Friday's report that the Federal Reserve Board's Open Market Committee had moved away from its tilt toward raising interest rates.

This coming Friday, the Labor Department will report on the employment picture during September. In August, nonfarm payrolls dropped by 39,000 and the unemployment rate declined to 6.7 percent.

The Week Ahead: World Economic Calendar, Oct. 4 - 8

Table listing economic events for Oct 4-8 across various regions: Asia-Pacific, Europe, Americas, and others.

Stability, Not Prosperity, in Store for N.Y. Tabloids

By Robert D. McFadden
NEW YORK — With Rupert Murdoch's completion of his long struggle to buy back The New York Post, newspaper analysts and executives say New York City's three unprofitable tabloid newspapers appear to be on the brink of a strange new era of resilient nonprosperity.

It is shaping up, these observers say, as an extended period of unaccustomed stability for The Post, The Daily News and New York Newday, based on the deep pockets of their owners — a period of labor peace and financial security that seemed highly unlikely even a few months ago.

But while The Post and The News have survived bankruptcies, labor strife and repeated brushes with death, they and the more evanescent New York Newday, the analyst says, face losses or at best marginal profitability for years to come in an anemic advertising market.

The new era promises to be one of fierce competition among the feisty tabloids, with intense battles for limited numbers of readers and retail advertising dollars — a fight specialists say is still likely to end, sooner or later, in the long-predicted death of one or more of the newspapers.

"There is simply not going to be room for three tabloids, along with The New York Times, in New York City," said Gerald D. Reilly, a consultant on newspaper investments.

Each newspaper faces a different set of problems. But the problem for all, Mr. Reilly and other analysts say, is that many big retail stores have gone out of business, limiting a prime source of advertising revenue. Moreover, the combined circulation of the three papers, just under 1.5 million, is unlikely to grow much, if at all.

The Post, which has been losing \$14 million to \$18 million a year recently and has been battered by bankruptcy, staff rebellions, repeated shutdowns and a succession of would-be owners, emerged from the graveyard on Friday when Mr. Murdoch, who owned the paper from 1976 to 1988, reacquired it in a \$25 million deal to pay creditors, back taxes, pension claims and administrative costs.

There is no question that Mr. Murdoch, whose News Corp. had a profit of \$605 million in the year ended June 30, has the money to keep The Post going indefinitely. And industry analysts say that while he usually discards money-losing properties, he may be willing to run The Post at a slight deficit because of the prestige and fun of being a New York publisher.

Mr. Murdoch, analysts say, is a shrewd businessman with the muscle to handle unions and the street-wise tactics to run newspapers. In a showdown last week, he virtually destroyed the Newspaper Guild unit representing The Post's news and advertising personnel, who will have to apply for their jobs this week.

The Post's reporters, editors and advertising workers voted Saturday to end their bitter weeklong strike, in what amounted to an unconditional surrender.

At the headquarters of their union, the Newspaper Guild of New York, workers who defiantly walked off the job last Monday, shutting down The Post for three days, voted to take down their picket line Monday.

At the headquarters of their union, the Newspaper Guild of New York, workers who defiantly walked off the job last Monday, shutting down The Post for three days, voted to take down their picket line Monday.

BONDS: Sunny Spain, Italy

Continued from Page 11
expects the dollar will be stuck in a range of 1.60-1.67 DM.

Michael O'Hanlon at Kidder, Peabody & Co. cautioned that the lack of progress on a "social pact" between government, unions and business in Spain could impede the performance of its bond market.

On the other hand, he noted, an agreement moderating pay increases and reducing inflation could have a dramatic impact, as short-term rates are among the highest in Europe and therefore have the furthest to fall — pulling down long-term rates — once domestic conditions permit.

Analysts emphasize Italy and Spain because they see a doubly positive situation there. Prices should soar not only because long-term rates are expected to decline, but also because spreads are expected to narrow. Spanish bonds currently yield 2.99 percentage points — 299 basis points — over German levels. Mr. O'Hanlon believes this spread could fall to 250 basis points by year-end.

Now that Mr. Zhu, by his own accounting, has failed to get inflation under control, many of China's economic reformers fear that their rivals, those old Communists

CHINA: Admittedly 'Grim'

Continued from Page 1
concurrent construction schedules that they were driving material prices skyward and overloading the system.

Worse, the provincial authorities were paying their bills with a "triangular" pattern of debt passed among regional banks that was devaluing the national currency and stripping revenues needed to buy crops from farmers, meet factory payrolls and pay for high-priority transportation and energy projects.

One of Mr. Zhu's biggest gambles was that he could pull back into the banking system more than \$35 billion that regional banks had lent to one another to cover credits extended out the back door to factories, developers and other regional investors trying to spend and get rich as fast as they could.

But in his report to the leadership on Aug. 30, Mr. Zhu had to concede that he had recovered only a third of those loans, and he has now extended the deadline for regional bank officials to recover these funds to the end of the year.

Now that Mr. Zhu, by his own accounting, has failed to get inflation under control, many of China's economic reformers fear that their rivals, those old Communists

who never met a free market they didn't want to bulldoze, might once again emerge.

"I think there were a lot of naive expectations outside of China that because Zhu Rongji is so competent, he would be able to engineer a soft landing for the Chinese economy," said a Western economist based here. "But there is no way for anyone to perform that kind of miracle."

[China on Sunday claimed continuing success in its battle against an overheated economy but said it had been achieved at the cost of tens of thousands of jobs and that inflation was unlikely to fall until next year. Reuters reported from Beijing.

[The People's Daily said the southern province of Guangdong, which has one of the most overheated property markets in China, had closed two-thirds of its development zones and boosted bank savings in July by 41 percent from a month earlier.

[Meanwhile, Mr. Zhu was saying by the official China Daily as quoted that China's central bank was easing some credit curbs it had imposed last year because a shortage of credit was hampering reforms and growth at some large state-owned companies.]

China's coal mines laid off 187,000 workers in the first half of 1993 as part of a program to improve efficiency and reduce losses, Agence France-Press reported, quoting the People's Daily.

Of those laid off, 86,900 workers were moved into service-industry or processing jobs, the report said. It said the job cuts had enabled the mining industry to reduce its losses by 28 percent, or \$19 million yuan (\$160 million), and increase productivity by 8.3 percent compared with the first half of 1992.

U.S. Cabinet Aide Meets King Fahd Amid Jet Talks

JIDDA — The U.S. transportation secretary, Federico F. Peña, met Saturday with King Fahd and delivered a message from President Bill Clinton to the Saudi press agency reported. It did not disclose details.

In August, Mr. Clinton called the king on behalf of Boeing Co. and McDonnell Douglas Corp., which are trying to sell passenger jets to the national airline, Saudia. Later, Senator Patty Murray, a Democrat from Washington state, where Boeing is headquartered, said the American companies would get Saudia contracts.

In remarks published Saturday, Mr. Peña said the U.S. manufacturers, who are competing with Airbus Industrie for Saudia's business, had made a "very competitive offer."

Mr. Peña also signed an accord to give Saudia access to airports in Washington, D.C., and in Florida. American carriers will get landing rights in Jidda, Riyadh and Dhahran.

Euromarts At a Glance

Table showing Eurobond Yields for various currencies and maturities.

Weekly Sales

Table showing Weekly Sales for various countries and currencies.

Labor Rates

Table showing Labor Rates for various countries and currencies.

ALCATEL ALSTHOM logo and branding.

At a meeting chaired by Pierre SUARD, on September 29, 1993, the Board of Directors of Alcatel Alsthom reviewed consolidated sales and earnings for the first six months of 1993.

Stable Earnings for First Half 1993

The Board of Directors noted the success in Asia, particularly the contract for the combined cycle power plant in Black Point, Hong Kong. The volume of digital telephone lines ordered by China, as well as South Korea's choice of the TGV for the rail link between Seoul and Pusan, thus confirming the Group's leadership position in its core activities.

The Board then approved the Group's consolidated income statement for the first six months of 1993, which included the following:

Consolidated income statement table with columns: (FF million), First half 1993, First half 1992, Full year 1992. Rows: Net Sales, Income from operations after financing, Net income.

Income from operations after financing was FF 5,940 million against FF 6,344 million for the corresponding period in 1992 resulting from the decrease in sales.

Net income amounted to FF 3,006 million and did not include any capital gains from the disposal of Alcatel Alsthom shares, as in the first semester 1992, wherein net income was FF 3,115 million after a capital gain of FF 437 million from the sale of shares.

BusinessWeek International advertisement with contact information and subscription details.

For investment information read THE MONEY REPORT every Saturday in the IHT

China Now Admits Trade Deficit Likely

BEIJING — After months of government predictions that China would not suffer its first trade deficit in four years, a trade official has acknowledged that a deficit this year is likely, an official newspaper reported Sunday.

WORLD STOCKS IN REVIEW

Amsterdam

Optimism about the prospect for recovery across Europe lifted stocks last week. The CBS all-share index rose to 246.6 points from 242.4 the previous Friday.

London

The price of shares rose slightly last week, boosted by a rise in oil shares after the signing of a new OPEC production agreement.

Paris

Shares pursued their trend of consolidation with the CAC-40 index gaining 1.1 percent.

Singapore

The Straits Times Industrials index gained 34.85 points, to close the week at 2,018.1.

SHORT COVER

Yamaichi Covered Losses, Paper Says

TOKYO (Combined Dispatches) — The Asahi Shimbun newspaper reported Sunday that Yamaichi Securities Co. had shuffled U.S. Treasury bonds among clients in the past two years to cover several firms' losses on stock investments.

Microsoft to Move on Home Market

SAN FRANCISCO (NYT) — Microsoft Corp. plans to introduce a product line Monday that focuses on the home-computing market.

Manila Weighs Westinghouse Offer

MANILA (Reuters) — Energy Secretary Delfin Lazaro indicated Saturday the latest offer made by Westinghouse Electric Corp. to settle a case involving a mothballed plant could prove acceptable.

INTERNATIONAL CLASSIFIED

PERSONALS, BUSINESS SERVICES, REAL ESTATE TO RENT/SHARE, EMPLOYMENT, EXECUTIVE POSITIONS AVAILABLE, GENERAL POSITIONS AVAILABLE, ACCESS VOYAGES, LOW COST FLIGHTS.

Last Week's Markets

Table with columns: Stock Indexes, Money Rates, and various market data for US, UK, Japan, etc.

Government Urged to Help SEAT

BARCELONA (Reuters) — Spanish trade unions have suggested that Spain's central and regional governments take a role in SEAT, the country's biggest carmaker.

Carl's Jr. Directors Oust Founder

ANAHEIM, California (Combined Dispatches) — Carl N. Karcher, who started the Carl's Jr. fast-food chain with a single hot-dog stand 52 years ago, has been removed as its chairman in a dispute over how to revive the company's fortunes.

PERSONALS, ANNOUNCEMENTS, THE IHT IS NOW AVAILABLE IN MANY U.S. CITIES ON DATE OF ISSUE, KALLBACK DIRECT, SERVICED OFFICES, YOUR OFFICE IN PARIS, REAL ESTATE FOR SALE, MONACO, PARIS & SUBURBS.

METAL: German Union Bristles

Continued on Page 11. IG Metall into a strike so as finally to carry out the mass lockouts provided for.

Continued crisis in Russia

EC-US GATT negotiations

Starvation ahead for Bosnia?

Booming markets in Asia...

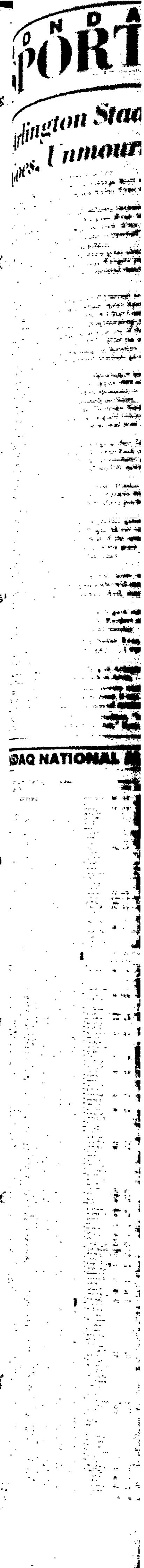
...and a troubled Japanese economy

... news which affects our world. Shouldn't you be following it daily in the IHT?

Subscription rates and savings of IHT cover price. Table with columns: Country/Currency, 12 months, 6 months, 3 months.

INTERNATIONAL RECRUITMENT. You will find below a listing of job positions published last Thursday in the International Herald Tribune under the International Recruitment Heading.

INTERNATIONAL HERALD TRIBUNE. Return your completed coupon to: Subscription Manager, IHT, 181 Avenue Charles de Gaulle, 92321 Neuilly-sur-Seine, France.



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MONDAY SPORTS

Arlington Stadium Goes, Unmourned

ARLINGTON, Texas — Aptly, George Brett was there to help shut down Arlington Stadium while Nolan Ryan watched from the dugout. The much anticipated final showdown between the two future Hall of Famers didn't happen because Ryan was hurt, a final indignity at a stadium that will be torn down this winter and replaced by a \$176 million "monument to baseball" under construction just beyond the right field bleachers.

To the end, Arlington Stadium was a great almost. The Kansas City Royals and Texas Rangers played the 1,750th and final major league game at the converted minor league ballpark Sunday. Goodbye and good riddance. After the final out, ceremonies were planned to shovel up home plate and take it to the new park, which opens April 11 with a game against Milwaukee and where the 1995 All-Star Game will be played. They didn't have any banners commemorating championships to haul to the new place. Texas has never won one of those, not since the Rangers' first game here April 21, 1972, after the mayor then, Tom Vandergriff, lured away the Washington Senators.

You want to know what Arlington Stadium gave baseball? Ballpark nachos, that's what. Arlington Stadium never quite felt like a major league park, except for a precious few noteworthy nights, like in 1989 when Ryan struck out Ricky Henderson for his 5,000th strikeout or in 1991 when he fanned Roberto Alomar for his seventh no-hitter.

The ballpark that started out as Turnpike Stadium and seated fewer than 10,000 always looked like a giant cretor set some child had assembled. Until this year, it never was host to a meaningful September game.

Opposing players used to enjoy bringing their families here, not for the car-mis ambiance of, say, Fenway Park or Wrigley Field, but because the Six Flags Over Texas amusement park was within walking distance. Sometimes the stadium felt more like an amusement park than a ballpark.

It had its moments, to be sure. Julio Franco won a batting championship here. This is where Juan Gonzalez won the home run title, and Ferguson Jenkins and Gaylord Perry pitched parts of their Hall of Fame careers.

Mike Witt of California pitched a perfect game here Sept. 30, 1984. Billy Martin managed here. Roger Moret once went into a catatonic trance in the clubhouse. Most of the special moments at Arlington Stadium, though, were seen on the giant screen in center field, highlights via satellite from other cities.

That was all to change Sunday. Brett, in the final game of his two-decade career, was eager to face Ryan in his final appearance, two greats who will enter Cooperstown together in 1999 saying a dual farewell. And, maybe even with a peanut on the line.

But after 27 seasons, Ryan's right arm gave out at Seattle last month, two starts from the end, and the Rangers and Royals both faded. Brett was left to face Steve Dreyer Sunday. "You don't look forward to facing Nolan Ryan, but when you know you're never going to face him again... I was sad to see him end his career like that," Brett said.

Ryan said he always enjoyed pitching in Arlington Stadium, but mostly because it was close to his ranch in Alvin. "It seems like there was always bad, stormy weather here in the spring when I started and then come summer, it was always hot and muggy," Ryan said. "But I had some special moments here."

It waso't the best or most beautiful stadium, "but you'd never know that by the fans. They always had fun," Ryan said.

Braves Win, but Need Giants' Loss to Get Title



Barry Bonds wiping Will Clark's brow in the Giants' dugout in the seventh inning as they sweated out their game against Los Angeles.

A Final Chisox Victory in Cleveland Park

The Associated Press A third straight sellout crowd celebrated the end of an era at Cleveland Stadium on Sunday by watching the Indians do what they have done so well for more than a generation: Lose. The Chicago White Sox, tuning up for Tuesday's playoff opener against Toronto, beat the Indians, 4-0, as Jason Bere pitched seven shutout innings for a three-game sweep of the final baseball series at the stadium.

The series drew a major-league record 216,904 fans — more than 72,000 per game. The Indians move to a new park next year. They played 4,197 games at Cleveland Stadium since losing the stadium opener 1-0 to the Philadelphia Athletics on July 31, 1922.

Frank Thomas returned to the White Sox lineup as a designated hitter, his first appearance since last Monday, and drove in two runs with a double and a single. His 128 RBIs left him second in the American League to Cleveland's Albert Belle, who drove in 129.

Blue Jays 11, Orioles 6: In Baltimore, Joe Carter became the 25th major league player to homer twice in one inning, connecting twice against Ben McDonald in an eight-run second inning that lifted Toronto over the Orioles.

Toronto became the first club since 1893 to have teammates finish 1-2-3 in a league batting race. John Olerud walked in the second before leaving with a .363 batting average. Paul Molitor closed at .332 and Roberto Alomar went 3-for-4 with five RBIs to finish with a career-high .324, one point better than Cleveland's Keny I. Lofton.

The last trio to accomplish the feat was on the Philadelphia Phillies: Billy Hamilton (.380), Sam Thompson (.370) and Ed Delahanty (.368).

Yankees 2, Tigers 1: In New York, Mike Stanley's one-out single scored pinch runner Spike Owen from second base with the Yankees' winning run over Detroit.

Twins 7, Mariners 2: In Minneapolis, Kent Hrbek drove in four runs with two homers. Kirby Puckett homered and Kevin Tapani allowed six hits over 7 1/2 innings as the Twins beat Seattle.

Brewers 6, Red Sox 3: In Boston, Milwaukee triumphed in a game that featured 14 innings five double plays, 45 players, 13 pitchers, 24 strikeouts and 15 walks.

Pinch-hitter Dave Nilsson hit a two-run single with the bases loaded in the 14th to break a 3-3 tie. Another run scored on a wild pitch.

In Saturday's games: White Sox 4, Indians 2: George Bell hit a tie-breaking sacrifice fly in the 10th to give Chicago the victory in Cleveland.

Tigers 4, Yankees 1: Bill Krueger, making only his sixth start, combined with Mike Hememan on

a seven-hitter for Detroit's victory in New York.

Brewers 8, Red Sox 5: Matt Mieske hit his first homer since May 12 as Milwaukee won in Boston, sending the Red Sox to their fifth straight defeat.

Mariners 7, Twins 3: Dave Fleming allowed four hits in seven innings. Jay Buhner hit a two-run homer and Seattle clinched a winning season with the victory in Minneapolis.

Royals 7, Rangers 4: Tom Gordon pitched six-hit ball for eight innings to lead Kansas City over Texas in Arlington, Texas.

Angels 6, Athletics 2: Stan Javier and Chili Davis hit consecutive home runs in the first and Davis added another in the fourth, powering California in Oakland.

Orioles 8, Blue Jays 4: Rick Sutcliffe won for the first time since Aug. 6 and Harold Baines hit his 20th home run of the season as Baltimore beat visiting Toronto.

The Associated Press Even after winning 104 games, the Atlanta Braves still had to wait and watch.

Instead of being able to celebrate a National League West title after Sunday's 5-3 victory against Colorado, the Braves went back to their clubhouse to watch San Francisco play Los Angeles and determine whether a one-game playoff would be needed to decide the division.

Tom Glavine won his 22d game on the final scheduled day of the regular season. But the Braves then had to wait for the Giants, who were playing the Dodgers later in Los Angeles.

Atlanta and San Francisco began the day in a tie for first, only the second time since divisional play began in 1969 that teams were tied going into the final day. In 1982, Milwaukee beat Baltimore on the last day to win the American League East.

As they have each day this weekend, Atlanta went ahead early and put pressure on San Francisco. The victory gave the two-time NL West champions a 13-0 sweep of the Rockies, the first time this century that an NL team has swept a season series from a rival.

Glavine (22-6) won for the eighth time in nine starts, allowing three runs and six hits in 6 1/2 innings with four strikeouts and one walk. Greg Maddux pitched the final two innings for his 19th save.

Cardinals 2, Phillies 0: Terry Mulholland threw four strong innings in the regular-season finale as Philadelphia, looking toward the playoffs, fell in St. Louis.

Mulholland, who'll start Game 3, showed no signs of a hip injury that caused him to miss almost a month.

Expos 3, Pirates 1: In Montreal, rookie Lou Frazier drove in three runs with a pair of singles, and home-town favorite Denis Boucher (3-1) allowed three hits in 6 1/2 innings as the Expos concluded a hot second half with the victory over Pittsburgh.

Reds 7, Astros 4: In Cincinnati, Hal Morris had four hits, including a homer, as the Reds overcame a three-run deficit to beat Houston.

Mets 9, Marlins 2: In Miami, Pete Schourek pitched eight strong innings and New York extended its longest winning streak of the year to six games.

Despite the Mets' surge in the final week, they finished with a record of 59-103, their worst since 1965. Even expansion Florida (64-98) fared better.

In Saturday's games: Giants 5, Dodgers 3: San Francisco withstood another day of pressure, holding off Los Angeles for its 103d victory and staying tied with Atlanta for the NL West lead.

Dave Martinez, subbing for the injured Willie McCee, put the Giants ahead 5-2 with a two-run double in the seventh. The Dodgers gave San Francisco one last scare in the eighth, closing to 5-3 on a bases-loaded walk by Mike Jackson to Tim Lincecum with two outs.

That brought on Rod Beck to face pinch-hitter Dave Hansen, who pulled a long fly to right field. But Martinez went back to the warning track and caught the ball in front of the low fence.

On Friday, Barry Bonds hit a pair of three-run homers and doubled in a run for a career-high seventh RBI in the Giants' 8-7 triumph. He tied Juan Gonzalez of Texas for the major-league lead with 46 homers.

Braves 10, Rockies 1: Greg Maddux won his 20th game as Atlanta set a franchise record with its 103d victory of the season and improved to 12-0 against Colorado.

Maddux clinched the league earned-run-average title with a 2.36 mark.

On Friday, Terry Pendleton homered and drove in a season-high five runs in a 7-4 victory over Colorado, and Steve Avery gave up four runs on five hits in eight innings, struck out a season-high seven and walked two.

Cardinals 5, Phillies 4: Ray Lankford singled, stole second and scored on two errors on the same play in the 10th in the lifing St. Louis over visiting Philadelphia.

Pirates 4, Expos 2: Jeff King had three hits, including a two-run double in the eighth inning that lifted Pittsburgh in Montreal.

Astros 3, Reds 1: Mark Portugal won his 12th straight decision and Houston triumphed in Cincinnati, giving it a winning record and home record for only the fifth time in club history.

Mets 7, Marlins 1: Sid Fernandez pitched two-hit ball over seven innings in Miami to give New York a season-high fifth consecutive victory, while the Marlins lost their fifth straight and 14th of 18.

Padres 7, Cubs 3: In San Diego, Phil Plantier became the sixth player in Padres history to reach the 100-RBI mark with a three-run homer against Chicago.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Oct. 1.

Table with columns: Symbol, 100s, High, Low, Close, Net Chg. Lists various OTC stocks and their performance.

Table with columns: Symbol, Price, % Chg. Lists various NYSE and NASDAQ stocks and their performance.

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MONDAY SPORTS

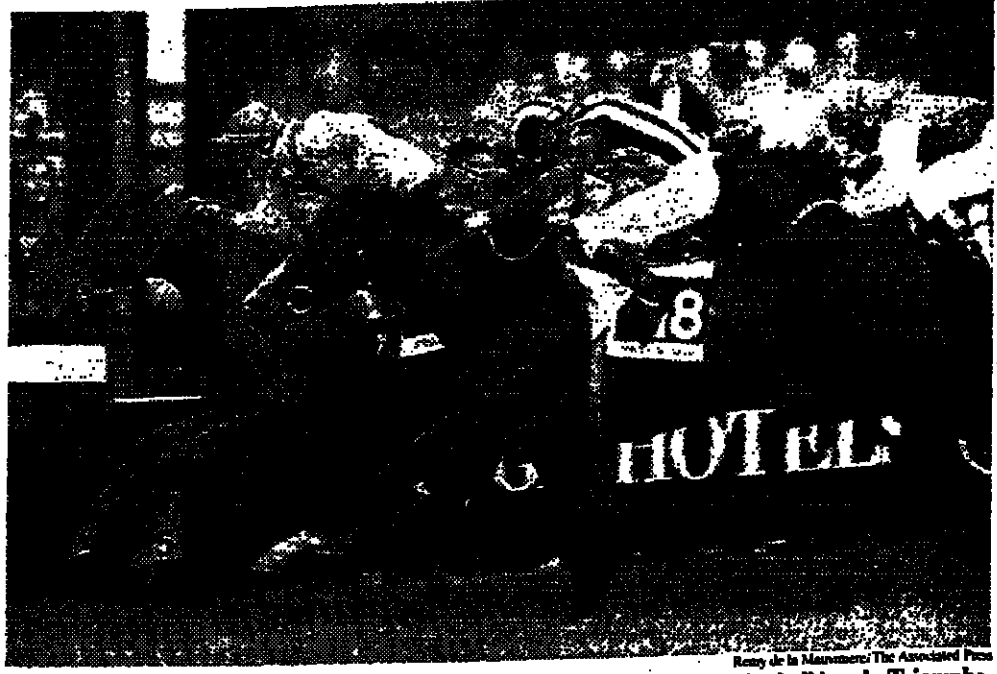
Urban Sea Triumphs in Arc de Triomphe

By Ian Thomson International Herald Tribune PARIS — In that last bit when the crowd exhales all at once, a 25-to-1 long shot filly burst out from a three-horse pack on Sunday to win Europe's greatest horse race, the 72d Prix de l'Arc de Triomphe.

Now Yves Saint-Martin was smiling with the confidence of a man used to winning; his son stood before his well-mannered audience with a flat expression that betrayed nothing. They looked nothing like each other.

Bob's Return of Ireland took the lead shortly before the straight, but faded to sixth. Taking the shortest route from the 12th starting hole, Saint-Martin stayed strong inside while the others fell back.

As if by leverage, Urban Sea was propelled ahead with her jockey. What the jockey was thinking, one can only imagine. Perhaps he has claimed his own personality with this victory; perhaps that was never a problem for him.



Urban Sea reached the finish line a neck ahead of White Muzzle in the Prix de l'Arc de Triomphe.

SCOREBOARD

BASEBALL

Major League Standings

Table showing Major League Standings for American League and National League, including teams like Toronto, New York, Baltimore, Detroit, Cleveland, Milwaukee, Chicago, Texas, Kansas City, St. Louis, California, Minnesota, Oakland, and Atlanta.

Friday's Line Scores

Table showing Friday's Line Scores for American League and National League, listing teams and their scores.

Saturday's Line Scores

Table showing Saturday's Line Scores for American League and National League, listing teams and their scores.

FOOTBALL

Major College Scores

Table showing Major College Scores for various universities, including Army, Boston College, Boston University, Cal State, Colorado, Dartmouth, Georgetown, Harvard, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Northwestern, Ohio State, Oklahoma, Oregon, Penn State, Princeton, Rice, Stanford, Texas, UCLA, USC, Wake Forest, and Wisconsin.

Canadian League

Table showing Canadian League scores for Eastern Division and Western Division, listing teams like Toronto, Montreal, Ottawa, Vancouver, and others.

SOCCER

Major League Scores

Table showing Major League Soccer scores for various teams, including Arsenal, Chelsea, Liverpool, Manchester City, Manchester United, Newcastle, Tottenham, and others.

Italian First Division

Table showing Italian First Division scores for teams like AC Milan, Juventus, Lazio, Fiorentina, and others.

SPANISH FIRST DIVISION

Table showing Spanish First Division scores for teams like Real Madrid, FC Barcelona, Atletico Madrid, and others.

GERMAN FIRST DIVISION

Table showing German First Division scores for teams like Borussia Dortmund, Bayern Munich, FC Schalke, and others.

NETBALL

Table showing Netball scores for various teams, including Queensland, New Zealand, and others.

WRESTLING

Table showing Wrestling scores for various events, including the World Wrestling Federation and others.

AMERICAN LEAGUE

Table showing American League scores for various teams, including Toronto, New York, Baltimore, Detroit, Cleveland, Milwaukee, Chicago, Texas, Kansas City, St. Louis, California, Minnesota, Oakland, and Atlanta.

NATIONAL LEAGUE

Table showing National League scores for various teams, including Philadelphia, Cincinnati, Pittsburgh, St. Peterburg, New York, Atlanta, Florida, Montreal, and others.

EUROPEAN LEAGUE

Table showing European League scores for various teams, including Arsenal, Chelsea, Liverpool, Manchester City, Manchester United, Newcastle, Tottenham, and others.

INTERNATIONAL LEAGUE

Table showing International League scores for various teams, including Borussia Dortmund, Bayern Munich, FC Schalke, and others.

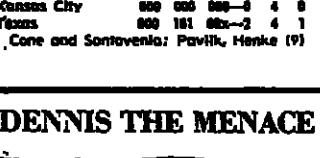
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Table showing Wrestling scores for various events, including the World Wrestling Federation and others.

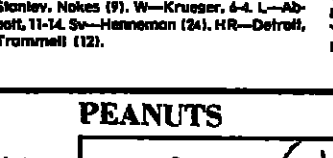
NETBALL

Table showing Netball scores for various teams, including Queensland, New Zealand, and others.

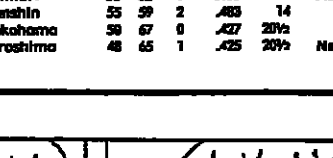
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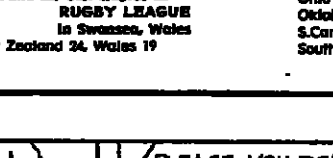
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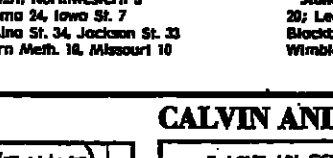
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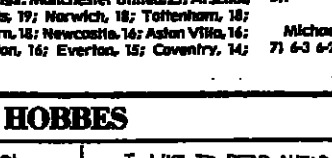
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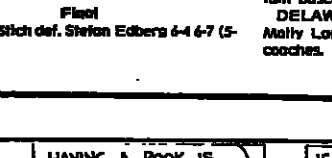
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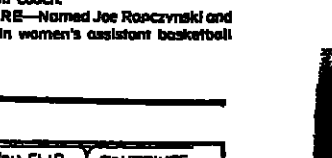
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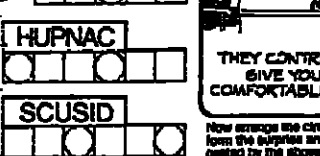
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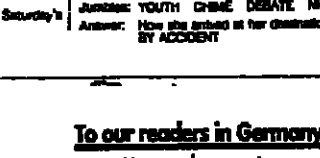
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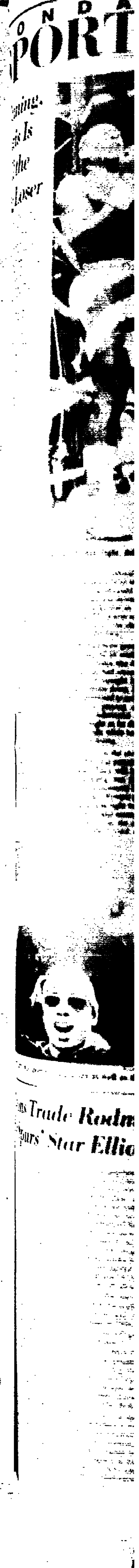


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MONDAY SPORTS

Winning, Lewis Is Still the Big Loser

By Ian Thomson

International Herald Tribune CARDIFF, Wales —

His 31-year-old beloved, who never won anything, was retired 70 seconds into the seventh round without having left his feet. He was standing straight up, mystified, as if the referee was a loudmouth cop arresting him in a foreign language.

Across the ring his countryman, Britain's only heavyweight champion this century, was asking for his sunglasses in the middle of the night.

It says something about Lennox Lewis, the World Boxing Council champion, that he would bring sunglasses into the ring. They were not to protect his eyes, not at 1:35 Saturday morning. They were to prevent his acquired public from seeing the truth: a swollen and bloody left eye. His public, which still doesn't know him from Madonna, had hoped this first world title bout between British heavyweights would coalesce in one of them the makings of a universal champion. Instead they went to bed more than certain of their love for Bruno, and distressed by whatever else his survivor might be hiding.

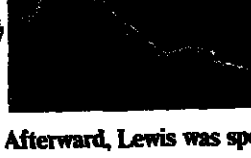
There are advocates of the truth much sterner than their Frank. Better odds must now be given to Tommy Morrison, champion of the transparent WBO championship, who will challenge Lewis in Las Vegas in March. Most threatening of all is another American, Riddick Bowe, who might have finished Lewis in the third round, when Bruno's left jab and right crosses decked him into trouble.

Lewis (24-0) is a creation of Bowe's, who literally dropped his WBC belt in a trashcan so that Lewis might come across it and become an instant rival. All of this time in between was supposed to drive up the income on a title-unification bout, but Bowe has been wasting it against semi-breathing pug, while Lewis has struggled first with Tony Tucker in May, and now Bruno, who retired from a two-year retirement in order to make a third and final attempt at winning a world title.

At least Bruno (36-4) stands for something, attacking in his stiff bare-knuckle's pose, legs spread, eyes glaring over the tops of the red gloves protecting his Achilles' chin. Jabs speared continually at Bruno's



Lennox Lewis, right, delivering the final blows to Frank Bruno.



Afterward, Lewis was sporting sunglasses as well as the trophy.

Pistons Trade Rodman For Spurs' Star Elliott

The Associated Press

AUBURN HILLS, Michigan — Dennis Rodman, the prolific rebounder who helped the Detroit Pistons win consecutive National Basketball Association titles in 1988 and 1989, has been traded to the San Antonio Spurs for All-Star forward Sean Elliott.

Rodman was the NBA's leading rebounder last season at 18.3 per game. His 18.7 average the previous season was the league's highest since 1971-72, and the consecutive seasons at 18-plus are the only ones above 16 since 1979.

But despite his statistics, the trade Friday ended a 17-month saga during which Rodman's disappearance, tardiness and refusal to work with the Pistons' front office cast a pall over the team.

"I think when you're approaching the season, especially when you're a new coach, you want to eliminate as much negative publicity as possible," said Don Cheney, the assistant who has replaced Ron Rothstein as coach after the Pistons season since 1984 in which the first season failed to make the playoffs.

North Carolina's basketball coach, Dean Smith, has received a \$300,000 bonus for an agreement with Nike that will provide shoes,

left eye — retinal surgery on it convinced him to retire three years ago — but he could not be knocked off stride. He moved in constantly, like a tank, just as Lewis knew he would. The alarm sounded when it became clear the champion had no plan of his own.

He had been genuinely calm and self-assured all week. In the ring he tried to dance like Ali, lowering his arms and half-swooning, half-fiduciating. A straight left turned that smile upside down. How is a champion supposed to act? It's as though Lewis is playing out a role he doesn't understand. Better for him if he fought as he did for the final 30 seconds, when he was scared to death of losing.

Until then the crowd, estimated at 24,000, was perceiving him to be a fraud. They will love him while he's winning, but they will never forget, in moments like these, that he won his Olympic gold medal for Canada. The fight was all Bruno's, by method and means, just don't let him get hit on the chin. When he flurried the crowd roared. When

When Bruno is hit there, on the chin, the batter becomes a different person. The eyes open, the lips part; whereas others might fight harder, he seems to be thinking, "Uh oh." It was so obvious that even one good eye could make it out, and Lewis was all over him. He landed a left and a right and a left. With his left hand he teed up Bruno's chin as he wound up the right.

"Uh oh" — and snatched back the challenger's head. The referee, Mickey Vann, ran in and scolded Lewis, because you can't tee up someone's head. You have to play it where it lies. When they were done arguing, Bruno was still there, against the ropes. In all, Lewis struck 11 unanswered blows.

Eleven, and he could not knock him down. That says something about Bruno's heart, for which his public will forever love him, and something about Lewis, which cannot be forgotten. The spotlight intensifies on Riddick Bowe in the midnight reflection from his challenger's sunglasses.

Lewis complained of rabbit punches he was booted.

In the third, a combination had Lewis buckled on the ropes. He was lucky to survive that, lucky that his opponent was Bruno, whose attacks historically have enlivened champions, rather than put them to sleep. But it must have done his heart good to stand up from his corner and see Lewis, nine pounds and three years his junior, staring up at him from his stool until the last possible moment, wrapped in a beige blanket up to his neck.

The middle rounds were Bruno's. Boring in he looked impenetrable, pectorals bared like a pair of front teeth, his jabs efficient and cumulatively punishing. Two judges had the fight even after six rounds while a third favored Bruno at 59-55. But the points were irrelevant. Bruno was firing, it seemed, until he burst in on Lewis, the shearing wind of missed punches seeming to blow him into a corner. Bruno was winding up his big finishing right when a left hook arrived as if from a sling.

On the chin. When Bruno is hit there, on the chin, the batter becomes a different person. The eyes open, the lips part; whereas others might fight harder, he seems to be thinking, "Uh oh." It was so obvious that even one good eye could make it out, and Lewis was all over him. He landed a left and a right and a left. With his left hand he teed up Bruno's chin as he wound up the right.

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Kicker Leads Cowboys Past Packers

The Associated Press

Troy Aikman, Michael Irvin and Emmitt Smith were in Super Bowl form but it was 37-year-old place-kicker Eddie Murray who gave the Dallas Cowboys something they've been missing, a field goal kicker.

Murray, signed two weeks ago, tied a club record with five field goals, including 48 and 50 yards, on Sunday as the defending National Football League champions climbed back to 500 with a 36-14 thrashing of the Green Bay Packers in Irving, Texas.

Dallas, which had lost its first two games thanks in part to poor placekicking by Lin Elliott, evened its record at 2-2 while the Packers fell to 1-3.

Aikman, who was in flawless form, hitting 18 of 23 passes for 317 yards, threw one touchdown pass to Smith, making his first start after his contract dispute with owner Jerry Jones, scored on a 22-yard run and had 71 yards on 13 carries. But it was Murray's day as the

14-year veteran tied the team mark set by Roger Ruzek in 1987 against the Los Angeles Rams with a five-for-five performance.

Each time a Cowboys drive fizzled, Murray drilled one right down the middle. He also had two field goals of 19 yards and one of 33.

The Cowboys built a 16-7 half-time lead on three Murray field goals and a 61-yard touchdown strike from Aikman to Irvin.

Brett Favre completed six consecutive passes on Green Bay's opening drive with a 1-yard run by Edgar Bennett producing the TD.

Dallas came right back to tie it at on the Aikman-to-Irvin pass.

Passes of 13 and 30 yards to Irvin positioned the Cowboys for a 33-yard field goal for a 16-7 lead.

Then the Cowboys stunned the Packers with an onside kick, which Darrin Smith recovered after

Derrick Gainer knocked the ball loose from Marcus Wilson.

Murray made the gamble pay off with a 19-yard field goal for a 13-7 advantage after Dallas failed to score a touchdown from the 1 as Smith was stopped short on third-and-goal.

A 66-yard Aikman-to-Alvin Harper pass positioned the Cowboys for another 19-yard shot. Smith was stopped again at the 1.

A 50-yard Murray field goal and Smith's scoring run put the Cowboys up 26-7 before Green Bay's Robert Brooks made a 95-yard kickoff return for a touchdown.

Then Murray got a piece of the Dallas record with a booming 48-yard field goal to make it 29-14.

Chiefs 24, Raiders 9; In Kansas City, Missouri, Joe Montana was sidelined after injuring his left hamstring on Aaron Wallace's late hit but the Chiefs (3-1) beat mistake-prone Los Angeles, which also was without its No. 1 quarterback.

Montana was sharp, hitting 7 of

9 passes for 68 yards and two TDs, when Wallace hit him from behind out of bounds near the Chiefs' sideline in the second quarter.

The only bright spot for the Raiders (2-2) was the debut of Rocket Ismail. The former Notre Dame star caught a 43-yard scoring pass from Vince Evans in the fourth quarter.

After Wallace's hit, the Raiders drew a 15-yard unsportsmanlike conduct penalty. Dave Krieg finished for the Chiefs.

Bears 6, Falcons 9; Kevin Butler accounted for the only points with field goals of 52 and 48 yards as the Bears hung on to beat winless Atlanta in Chicago.

Butler's 52-yarder in the third quarter matched his career high, and put the Falcons (0-5) in a position of needing a touchdown to win in the final quarter. And, with rookie quarterback Billy Joe Tolver filling for the injured Bobby Hebert, they nearly got it.

Atlanta drove to the Chicago 8-

yard line in the final minute, but lost the ball on downs with 1:25 to play. The Bears (2-2) — the sixth NFL team to win a game this season, without scoring a touchdown — took over and ran out the clock.

Bucs 27, Lions 10; Michael Husted kicked a 53-yard field goal on the final play of the first half and the NFL's lowest scoring team collected three third-quarter touchdowns en route to victory over the Detroit Lions in Tampa, Florida.

Craig Erickson completed 14 of 25 passes for 210 yards and two touchdowns, while Reggie Cobb rushed for one TD and 113 yards — seven more than the entire Tampa Bay team had gained on the ground in its first three games.

The Bucs (1-3) began the day ranked 28th in total offense.

Detroit (3-2) entered as the NFC Central Division leader but unsure of where it actually stood because the Lions had struggled to score and had beaten three teams with a combined record of 1-11.

Florida State Routs Georgia Tech, 51-0

The Associated Press

Top-ranked Florida State appears to be well prepared for next Saturday's big showdown with the third-ranked Miami Hurricanes.

The Seminoles inflicted another beating on a mismatched opponent Saturday, shutting out Georgia Tech, 51-0, in an Atlantic Coast Conference game in Tallahassee, Florida. With this rout, Florida State (5-0, 4-0 ACC) has outscored its opponents by 228-14, giving it the nation's second-highest rated offense and the stingiest defense against scoring.

"I don't know where there is a weakness," said Bill Lewis, the coach of Georgia Tech (1-3, 0-3).

COLLEGE FOOTBALL

"We need to use that football team as a model."

Charlie Ward threw four touchdowns passes and completed 21 of 28 passes for 222 yards. Warrick Dunn, a freshman, rushed for two TDs and caught a pass for another as FSU outgained Tech, 582 yards to 110.

"It was a great win for us, but it doesn't mean a thing if we don't win next week," said Florida State's coach, Bobby Bowden.

"Next week people will really be able to prognosticate on what kind of team we've got."

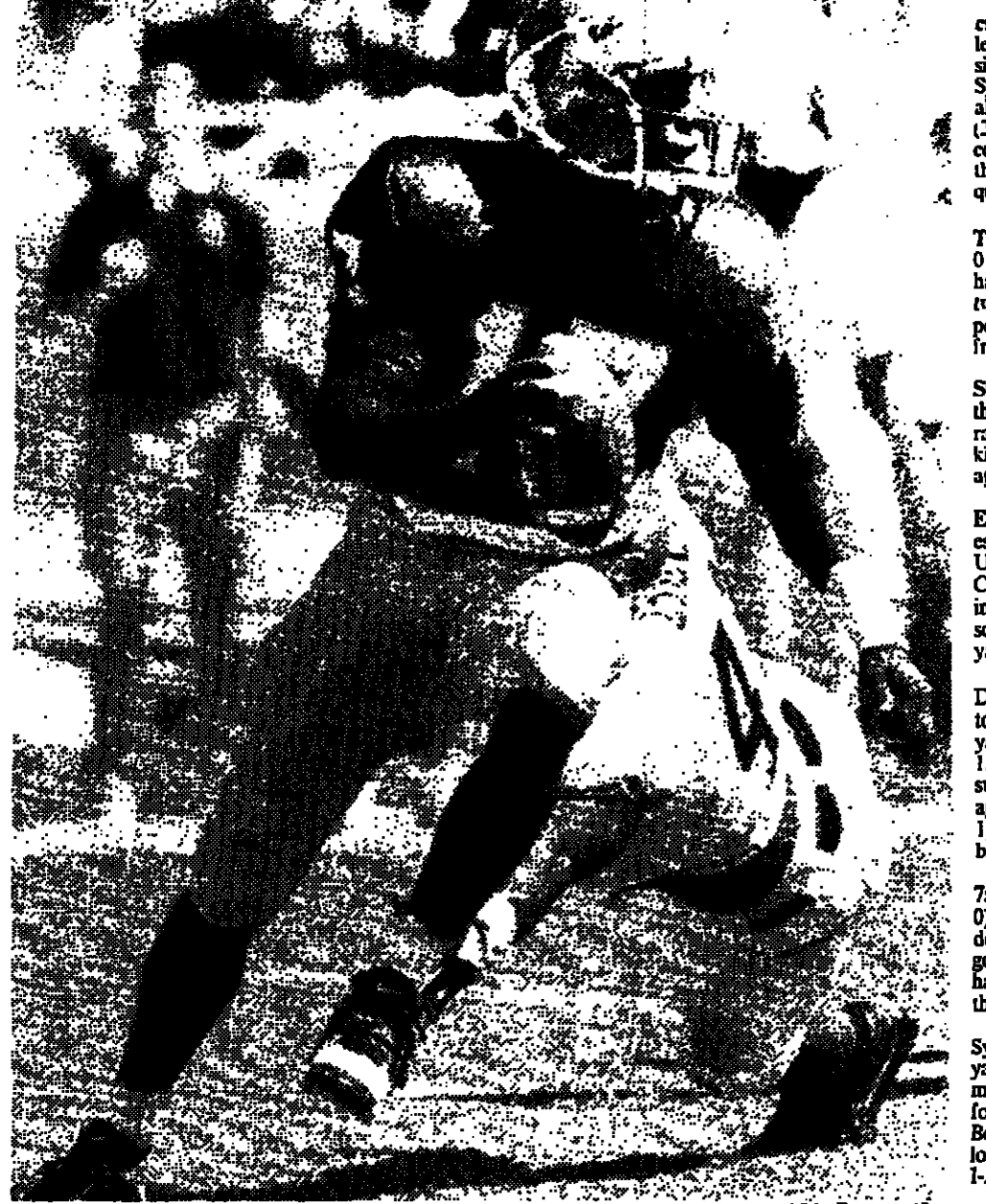
The Seminoles have lost twice to Miami in the last two years when potential game-winning and game-tying field goal kicks drifted wide right in the final seconds.

No. 2 Alabama 17, South Carolina 6; In Columbia, South Carolina, the Crimson Tide (5-0, 3-0 SEC) tied a school and conference record with their 39th consecutive victory. Alabama built a 17-0 lead and held South Carolina (2-3, 1-3) to one first down until late in the third quarter. Sherman Williams ran for 106 yards and two TDs.

No. 3 Miami 30, Georgia Southern 7; Ryan Collins replaced an ineffective Frank Costa in the third quarter and threw two TD passes for the Hurricanes (4-0) against Division I-AA Georgia Southern in Miami.

No. 4 Notre Dame 48, Stanford 28; In Stanford, California, the Fighting Irish (5-0) avenged a loss to the Cardinal (2-3) last year. Clint Johnson returned a kickoff 100 yards for a TD and an interception. 79 yards. Quarterback Kevin McDougal scored three times as Notre Dame ran up the most points against Stanford since 1990.

No. 5 Florida 38, Mississippi St. 24; Danny Wuerffel threw for a school-record 449 yards and Chris Doering caught three TD passes in the 21st straight home victory for Florida (4-0, 3-0). Wuerffel's performance overshadowed that of Todd



Florida State's Charlie Ward eluding a defender during the Seminoles' battering of Georgia Tech.

Jordan of Mississippi State (1-3, 0-2), who was 24 for 44 for 416 yards.

No. 7 Ohio State 51, Northwestern 3; The Buckeyes (4-0, 1-0 Big Ten) intercepted five passes and dominated the last three quarters to beat the visiting Wildcats (2-2, 0-1) for the 18th straight time. "It's embarrassing for our players and our fans," said Northwestern's coach, Gary Barnett. "We got a solid dose of reality."

No. 8 Michigan 24, Iowa 7; In Ann Arbor, Michigan, Tyrone Wheatley scored three touchdowns and Michigan's defense came up with five sacks, a blocked field goal and three turnovers. Wheatley, the

national's leading all-purpose rusher, had 202 yards overall. The Wolverines improved to 3-1 in their Big Ten opener. Iowa is 2-2 and 0-2.

No. 9 Penn State 70, Maryland 7; Penn State (5-0) built a 46-7 halftime lead and coasted behind 536 rushing yards in College Park, Maryland. The Nittany Lions also shut down quarterback Scott Milanovich of Maryland (0-5), holding the nation's leader in passing offense to 158 yards.

No. 10 Oklahoma 24, Iowa State 7; In Ames, Iowa, Cole Gundy became Oklahoma's career total offense leader and Dwayne Chandler scored two TDs as the Sooners (4-0,

1-0 Big Eight) recovered from a 7-0 deficit against Iowa State (1-4, 0-1).

No. 11 Tennessee 52, Duke 10; Heath Shuler threw for four TDs and the Vols (4-1) scored six of the first eight times they had the ball against the Blue Devils (1-4) in Knoxville, Tennessee. Tennessee's John Becksvoort kicked his 87th consecutive extra point.

No. 12 Arizona 38, Southern Cal 7; The Wildcats' defense, top-ranked overall, held the visiting Trojans (2-3, 1-1 Pac-10) to 47 yards rushing and set up two TDs with fumble recoveries. Dan White threw three touchdown passes and scored himself for Arizona (5-0, 2-0).

Boston College 33, No. 13 Syracuse 29; In Syracuse, Brian Howlett intercepted Marvin Graves inside the BC 10 with 1:30 to play. Syracuse (3-1-1, 0-1 Big East) had allowed 305 yards a game, but BC (2-2, 2-1) gained 538. "It felt like we could run or pass and just do anything we wanted," said the Eagles' quarterback, Glenn Foley.

No. 14 Texas A&M 31, Texas Tech 6; The visiting Aggies (3-1, 1-0 SWC) looked rusty in the first half, but Rodney Thomas scored twice on 1-yard runs in the third period as A&M began to pull away from the Red Raiders (1-4, 0-2).

No. 15 Washington 52, San Jose State 17; Damon Huard passed for three TDs and Napoleon Kaufman ran for two in Seattle as the Huskies (3-1) rolled up 556 yards against the Spartans (0-5).

No. 16 North Carolina 45, Texas El Paso 39; The Tar Heels (5-1) escaped with a close victory over UTEP (1-4) in Chapel Hill, North Carolina, going ahead for good late in the third quarter. Leon Johnson scored on runs of 2, 1, 9 and 15 yards.

No. 17 California 42, Oregon 41; Dave Barr threw three second-half touchdown passes, the last a 26-yarder to Iheanyi Uweuzokwe with 1:17 left as Cal (5-0, 2-0 Pac-10) stormed back from a 30-0 deficit against the visiting Ducks (3-1, 0, 1). It was the third-biggest comeback in Division I history.

No. 18 Louisville 29, Pittsburgh 7; In Pittsburgh, the Cardinals (5-0) recovered from a 7-6 halftime deficit with two TDs and a field goal in the third quarter. Pitt (1-3) has been outscored by 155-56 in three home losses.

No. 21 Virginia 41, Ohio U. 7; Symyon Willis threw for 279 yards and five TDs as the Cavaliers moved to 5-0 for the third time in four years and handed the visiting Bobcats (0-5) their 14th straight loss, the longest streak in Division I-A.

No. 23 Auburn 14, Vanderbilt 10; Auburn (5-0, 3-0 SEC) stopped four rushes from inside its own 13-yard line in the second quarter to preserve the lead over the Commodores (1-3, 0-3) in Nashville, Tennessee.

Clemson 20, No. 24 N.C. State 14; In Clemson, South Carolina, the Tigers (3-1, 2-1 ACC) won despite blowing a 20-0 fourth-quarter lead. Clemson linebacker Tim Jones tipped away a pass at the goal line to end a late rally by the Wolfpack (2-2, 1-2).

No. 25 West Virginia 14, Virginia Tech 13; The Mountaineers (4-0, 1-0 Big East) matched their best start since 1989 as Tech (3-2, 1-2) blew a chance to win with 1:10 left when Ryan Williams' 44-yard field goal try was wide right in Morgantown, West Virginia.

SIDELINES

Graf to Have Surgery on Foot Today

LEIPZIG, Germany (AP) — Steffi Graf, having won her 40th straight match and the Volkswagen Cup by routing Jana Novotna, 6-2, 6-0, in their first meeting since this year's dramatic Wimbledon final, said Sunday she will be operated on Monday for the bone chip in her right foot that has plagued her since the French Open in May.

The injury was described as minor. Graf won't know until after the operation how long she will be unable to play, but will miss next week's Barilla Open in Zurich, where she is the defending champion.

The 24-year-old top-ranked woman's player said she again felt pain in the foot Friday and was examined by her personal orthopedist.

Museeuw Wins Paris-Tours Race

TOURS, France (AFP) — Johan Museeuw of Belgium celebrated his 28th birthday 10 days early when he won the 251-kilometer Paris-Tours World Cup cycling race on Sunday.

Museeuw finished the ninth leg of the World Cup more than two lengths ahead of Maurizio Fondriest, the Italian who is already sure of winning the Cup title for the second time. Those two broke away from the pack five kilometers from the finishing line.

Museeuw had already won the Tour of Flanders this season as well as briefly leading the Tour of France.

For the Record

Olympique Marseille's match in Lille and Paris St. Germain's match in Marrigues, at which French soccer officials had feared trouble with fans, both were largely free of incidents. (Reuters)

Mario Andretti, 53, the 1978 Formula One champion and a four-time Indy car champion, said he plans to retire after one more season of Indy car driving for the Newman-Haas team. (UPI)

Randy Barnes, the shot put world record holder, is not entitled to punitive damages from the IAAF or U.S. track bodies because of his two-year suspension from international competition for alleged steroid use, a U.S. judge ruled. (Reuters)

Richardson Captures Golf's German Masters

Compiled by Our Staff From Dispatches

STUTTGART — Steven Richardson of Britain gained his first tournament victory in more than two years when he held off all challengers to win the German Masters on Sunday by two shots.

Richardson shot a 3-under-par 68 for a four-round aggregate of 271, 16 under par, to finish two shots ahead of Sweden's Robert Karlsson with the American Ryder Cup player Chip Beck third at 274.

Because the course had been saturated by rain, the sixth hole was reduced to a par 3 and the 425-

meter (465-yard) 17th shortened by 45 meters.

Richardson, who began the day one shot ahead of Beck, stamped his authority on the tournament with a birdie 3 at the opening hole, which the American bogeyed, and led by two shots or more for the rest of the round.

He also birdied the third and though he bogeyed the fourth and sixth, they were his last mistakes of the day.

Richardson, 27, whose last victories were in 1991 with both the Giroza and Portuguese Opens, earned a place in the world champi-

onship in Jamaica in December and in next year's World Series in Ohio.

Karlsson, 24, fired a 66, and another Swede, Jesper Parnevik, who won the Scottish Open in July, also ended with a 66 to share fourth place with Bernhard Langer of Germany.

On Saturday, Richardson held off a charge by Beck with a birdie on the 18th for a one-stroke lead. Fighting the pouring rain, Richardson double-bogeyed the par-4 fourth hole and fell behind Beck, but rallied to fire six birdies on the

back nine and finish at 13-under 203.

Beck, after shooting 63 on Friday, finished with a three-under 69 that was one stroke higher than the day's best round, shot by Parnevik.

Bob Estes shot 5-under-par 67 and took a two-stroke lead over John Inman into Sunday's final round of the Buick Southern Open in Pine Mountain, Georgia. Estes had a 54-hole total of 10-under 206, while Inman shot a course-record 64 in the third round on the 7,057-yard Callaway Gardens Mountain View course. (Reuters, AP, AFP)

Japanese Yacht Tokio Has Lead in Whitbread Race

Agence France-Press

SOUTHAMPTON, England — Chris Dickson, on the Japanese yacht Tokio, has taken back the lead in the Whitbread 'Round the World' yacht race.

Dickson had managed to turn a two nautical mile deficit into a two mile lead over New Zealand Endeavour, skippered by Grant Dalton, according to Saturday's latest race report. And the gap was growing as Tokio was moving faster than its rival.

In the Whitbread 60 class, Dickson had an even more impressive lead in the first leg race to Punta del Este.

The nearest W60 rival was Ross Field's third-place Yamaha, which had fallen 26 miles behind the leader. On Friday only eight miles separated the top four.

The Swiss entry Merit Cup was running second among the maxis, in sixth place overall. But it was becalmed on Friday.

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